Market Position And Segmentation

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Introduction

Marketing is a significant concept used to grow businesses. Therefore, this paper presents an analysis of an industry and a company on the marketing tools explored successfully in the industry. It presents the analysis of the market segment and segmentation, the target market of the company and the trend in the targeted market. In order to present a comprehensive report it includes positioning maps and recommendations on how the company can improve its market share and performance in the dominant market, and a brief background of the company and the industry to provide knowledge on the performance of the industry and the company as well.

Background

The footwear industry has experienced tremendous growth within the last two decades. The industry has realized growth in sales within several firms, registering improved performance. It has turned into an AU 80 billion industry and, therefore, creates employment opportunities for many young people worldwide. Tae-Soo (2013, p. 25) illustrated that the footwear industry is dominated by Adidas, Nike and Puma, which are some of the oldest players in the industry. The footwear industry is always dominated by firms with innovative ideas that can change the market perspective through the invention of new products that fit the cultural demands of customers. Major players like Puma, Nike, and Adidas have experienced a lot of change in the industry and growth over the last decade. This shows that the industry has been growing, and industrial stakeholders are registering growth in profit, market share and revenue.

The competition is very stiff as well since there are several firms offering similar products, and therefore, the survival of a company depends on its market strategy and brand.

However, Nike is one of the major footwear companies that manufacture and sell sportswear worldwide. The company has a history of success and has been making a profit from the industry. Though Nike has experienced challenges before, the company has had growth and continues to realize growth in business across the world. Nike has a strong financial performance and a larger market share. Nike leads the manufacturing and supplier of sportswear such as footwear, clothes, caps, and watches for various sporting activities. The business model of Nike puts a lot of emphasis on its core competence, which is to design, develop, and market its product to the global market.

Segmentation

Segmentation is a wider process of dividing the business market or consumers based on their preferences, age, gender and culture. It helps identify the needs of a specific target to provide the services that the target needs. Nike focuses on athletics and other sports, and it is the main market target. Therefore, Nike's market segmentation is comprised of young people aged between 17 and 45 years who are actively involved in sporting activities. It also focuses on both males and females and income as well. Therefore, the first segment of the market is corporate, ready to spend a huge amount on sportswear. It also focuses on middle-income earners and upper-income earners since the prices of Nike products are fairly affordable, which gives the company a competitive advantage over its competitors in the market.

No/S	Segment Market	Description
1	Sex	Male and female
2	Age bracket	17 years to 45 years
3	Income	Middle and upper income earners
4	Organizations	Corporate and companies
5	Culture	Design based on regional culture
6		

Table 1: Segment Target demographic

Target Market

The target market for Nike is the free runs. The market for free runs has been growing in the last few years. Therefore, Nike targets women who practice or exercise in the morning and evening to lose weight and keep fit. Research has indicated that the number of women who run both in the morning and evening has grown by 45% in Australia, 55% in the United States, and 41% in the United Kingdom. These two regions are the dominant market for Nike, and since the demand for free runs is increasing in these three regions. Nike should put focus on utilizing the untapped business growth potential (Carter, David, & Priest, 2016, p. 23). The market target is already passionate about running and building, and therefore, there is already a market for sneakers for free runs. A survey has also shown that besides sneakers for women, the rate at which men exercise has also increased, and therefore, Nike enters into free runs sneakers and is likely to tap into a huge market, which is likely to grow its market share in the footwear industry.

Nike should also focus on the manufacturing and distribution of baseball and rugby wear, which the company has not been too focused on. The sporting activities of baseball and rugby are growing faster, and investing in these activities will increase the company's revenue.

No/S	Market	Description
1	Women demand for sneakers	45%
2	Men demand	35%
3	Kids under the age of 18 years	15%
4	Older people	10%

Table 2: Target market

Positioning Map

Positioning map is the process of differentiating the product of the company from what is already being offered by other competitors in the market. Sneakers for free run are unique footwear that Nike launched recently, and they are different from what is being offered by competitors in the market. The sneaker is highly innovative and ready to run. It is light and durable compared to others which are already on the market (Monday, 2014). The test conducted by the Quality Assurance department revealed that sneakers for free runs can last longer than what competitors are offering the market, and therefore, it is highly likely to create a market itch within the first six months. The sneakers are of high quality, and the prices are affordable since the price is based on the market and the quality of the product.

The products are of high quality and high price since they last longer than what it is in the market and are durable. The sneakers are technologically designed to last for a longer time and provide runners with the comfort they need.

- LOW QUALITY
- LOW PRICES

- HIGH QUALITY
- HIGH PRICES

Recommendation

It is recommended for Nike to focus on free runs as its new target market. Studies have established that many women are doing exercise, and they need sneakers which are light and durable; therefore, focusing on the free run would give the company an advantage in the market, hence increasing its market shares and revenue. Research conducted illustrated that besides sneakers being used by women for free runs in the morning hours and evening, they are also used in several physical fitness centres across the country, and therefore, venturing into the market would be a great advantage for Nike. It will increase its market share, profit, and overall revenue.

Bibliography

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Appendix

NIKE SWOT ANALYSIS

Source: Nike Financial Report 2017/2018

Audit report