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Nike Memo Writing Assignment: Nike Gets a Start at Wal-Mart



This assignment provides you with an opportunity to strengthen your writing skills and form opinions on current issues affecting Nike.

Preparation for the Assignment

To prepare for the assignment, which revolves around Nike's acquisition of the Starters brand, you should read the following online articles:

- "Nike Enters the World of Deep Discount Chains" [MSNBC.com](#), April 17, 2005,
- Nat Ives, "Nike Decides Not to Do Business with Sears," [NYTimes.com](#), May 5, 2005

Memo Format

Use the memo format for this assignment. Your memo should not exceed two pages. It should be single-spaced (with a double space between paragraphs and bulleted items). Use the [Sample Memo](#) as a guide for spacing.

Scenario

You're an investment representative working for the investment and financial services firm Edward Jones. One of your clients, Joan McLaughlin, owns 1,000 shares of Nike stock worth over \$80,000, and she's come to you for advice. She wants to know whether she should hold on to her Nike stock or sell it.

Here's her concern: She heard that Nike bought the company that manufactured and distributed Starters, a fairly inexpensive brand of sneakers sold in discount stores. Nike now designs and manufactures a line of footwear for sale in Wal Mart under the Starter brand. The new Starters don't have a swoosh on them and sell for about \$40 (about twice Starters' previous price). She wants to know what Nike's strategy is, and she asks you to get back to her with a recommendation on what she should do with her Nike stock.

Joan is a good customer, and your firm prides itself on the quality of the personal service that it renders its clients. To develop some informed and useful opinions, you begin by doing some thorough study, intending to draft a memo that explains the acquisition and Nike's plans for the Starters brand. You'll tell your client what you believe the Nike brand stands for and why Nike is so protective of its brand. You'll also provide your opinion on the following issues:

- Will the Starters brand (now owned by Nike) be successful in Wal-Mart? Will customers make the connection between Starters and Nike? Will they be willing to pay \$40 for Starters?
- Should Nike have entered Wal-Mart with the Starters brand? Will the move hurt the Nike brand? Why or why not?

Finally, you'll explain what, in your opinion, will be the impact of Nike's growth strategy—expanding through non-swoosh brands—on its profits. And, of course, you'll advise her either to hold or to sell her shares of Nike stock.