

Kevin Chin | Cassandra Petkovski | Nicole Pritchard | Daniel Sia

## Situation

Nike's future lies in *innovation, collaboration, and transparency*. Technology advances and adjusting consumer preferences, means Nike must transform its' business practices to maintain market leadership. This report focuses on three key recommendations to offer Nike a strategic direction for the future of Nike collegiate apparel emphasizing their commitment to sustainability and ethical labour practices:

1. Collaboration: Diversifying production outside of China to three different regions;
2. Transparency: Implementation of technology promoting complete supply traceability;
3. Innovation: Rebranding of Nike collegiate apparel campaign with sustainability and improved labour practices focus.

## Collaboration

To adjust to changes in the Chinese apparel production market, Nike will need to relocate production facilities to several other regions. In determining the optimal global production regions, our analysis identifies several key criteria that allow Nike to uphold their commitment to *sustainable business practices and improved labor conditions*.

Our analysis revealed Indonesia, Turkey and Sri Lanka as the optimal choices for Nike to shift their collegiate apparel production.

- Indonesia: Both a labour and technologically rich country, Indonesia has political stability and government involvement in supporting and promoting the apparel production industry, evidenced by the establishment of free trade zones and provision of tax incentives. Moreover, there is clear adherence to strict quality procedures.
- Turkey: Renowned for its geographic location as a hub for raw materials and in turn speed to market, Turkey also exhibits positive labour/working conditions. Despite the introduction of moderate import taxes, the benefits of a flexible and fast supply chain greatly exceed the costs.
- Sri Lanka: Highly favorable labour conditions and heavy investment in developing a sustainable apparel industry, has positioned Sri Lanka as a strong option to expand production into.

## Transparency

In order to best understand supply chain systems, Nike must incorporate sourcing and production traceability, which is noted to become a key consumer expectation by 2020. Improved traceability allows Nike to have increased certainty and confidence in the performance, sustainability and improved labour practices they have committed to achieving within their supply chain.

Our analysis has identified a combination of real time location services (RTLS) and radio frequency identification devices (RFID) to develop a system to fully understand and trace

Nike's supply chain, through collaboration with Historic Futures company specializing in this area.

## Innovation

Nike can implement a rebranding strategy for its collegiate apparel aimed at building awareness in consumers of its commendable sustainability and labor practices and influences it is creating over the globe.

Nike can engage and connect with the collegiate apparel market in an innovative way, meeting their demand for information regarding the sustainable nature of their products. This can be accomplished in two dimensions, rebranding of the collegiate apparel logo and tag design, along with 'Mobile Nike Sustainability Stations' travelling the country to college events, building hype and awareness around a campaign labelled "Nike Sustainability and Labor Practices".

## Results

Our three recommendations allow Nike to diversify their production outside of China, achieve full-scale transparency and promote awareness among the collegiate apparel market of our commitment to sustainability and improved labour practices.

