



Mock Exam 1

CANDIDATE
NAME

CENTRE
NUMBER

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CANDIDATE
NUMBER

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BUSINESS

9609

Paper 4 Case Study

40 minutes

You must answer on the question paper.

You will need: Insert (enclosed)

INSTRUCTIONS

- Section A: answer **all** questions.
- Section B: answer **one** question.
- Use a black or dark blue pen.
- Write your name, centre number and candidate number in the boxes at the top of the page.
- Write your answer to each question in the space provided.
- Do **not** use an erasable pen or correction fluid.
- Do **not** write on any bar codes.
- You may use an HB pencil for any diagrams, graphs or rough working.

INFORMATION

- The total mark for this paper is 20.
 - The number of marks for each question or part question is shown in brackets [].
 - The insert contains the case study.
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Nike - Just do it!

Nike is the world's leading sportswear brand. The company is one of the most prominent producers of clothing, footwear and sports equipment worldwide. Nike's success can be attributed to the brand's marketing campaigns, as well as sponsorship agreements with celebrity athletes and professional sport teams. Nike's 'Just Do It' slogan is proof of the company's marketing success and global brand. Such campaigns and investment in marketing is reflected in its US advertising expenditure, which far exceeds that of one of its biggest competitors, Adidas.

As one of the largest and most recognisable sports brands on the planet, it is of no surprise that Nike invests significant sums into its promotional campaigns each year (see **Table 1**). Nike's sales revenue is shown in **Table 2** and some market statistics are shown in **Table 3**.

Nike's advertising costs (2014–2018)

Year	Advertising costs (US\$ bn)
2014	3.03
2015	3.21
2016	3.28
2017	3.34
2018	3.58

Table 1

Nike's sales revenue (2014–2018)

Year	Revenue (US\$ bn)
2014	27.799
2015	30.601
2016	32.376
2017	34.350
2018	36.397

Table 2

Market statistics

Global value of the Nike brand in 2019	US\$32.5 bn
Global value of the Adidas brand in 2019	US\$16.7 bn
Global clothing and footwear retail sales in 2017	US\$1696 bn

Table 3

Respect for human rights (CSR)

- Nike is prioritising suppliers who share its commitment to respect human rights and are investing in their workforces. This is effectively part of Nike's human resources strategy.
- Nike specifically and directly forbids the use of child labour in facilities contracted to make Nike products.
- It specifies that workers between the ages of 16 and 18 cannot be employed in positions which may be hazardous, such as working with chemicals or heavy machinery, nor can they work at night.

Quality management

- Quality is a very important concern in Nike's supply chain. The managers at Nike use great caution when selecting raw materials and suppliers.
- There is a global buying team at Nike which organises the entire buying process, including selecting and contracting the right suppliers for the right goods and services.
- Its products are made in 42 countries at 567 independent factories that employ more than 1 million workers.
- Nike's sourcing strategy prioritises those who have shown leadership in corporate social responsibility (CSR) and sustainability. The focus is on creating a culture of safety, diversity and inclusion down the supply chain and, therefore, the suppliers are also judged on fair labour standards.

Production concerns

- Nike's goods are produced in factories located outside the USA in order to keep the costs low.
- The number of Nike products manufactured in China and other Asian countries is rapidly decreasing due to concerns about unfair labour practices and poor environmental regulations.
- The brand has focused on improving its labour practices and reducing its environmental impact. Nike's 'Free RN Flyknit' shoes, for example, produce 60% less waste during manufacturing, compared to traditional running footwear.

Win for marketing

Nike was the clear brand winner of the 2019 Women's World Cup. When it comes to emotional engagement – a good indication of the long-term impact an advert will have – Nike's 'Dream Further' campaign came out on top with a near perfect score of 4.6 out of 5

Q. Evaluate Nike's strategy for growth.

[20]