

Nike marketing research

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Nike, Inc. 's debut in the sass's was a milestone for the athletic industry. Starting with a simple objective of selling affordable, quality athletic footwear, Nike has undergone an incredible transformation over the years into a dominating sporting goods company due to an efficient marketing mix. Today, Nike has reached annual sales exceeding over \$20 billion, and has developed its business all over the world. In this study, these four marketing components will be reviewed: Target Market Product Price Placement Promotion Nike's product variation, pricing, distribution, and promotional strategy have created a positive marketing approach for the company, and have largely attributed to Nike's success and global recognition. Key findings show that Nike has a wide product differentiation as well as complex pricing, placement, and promotional methods that market its products. With a diverse marketing strategy and operations spreading in primary regions such as North America, Europe, and Asia, Nike has established itself as a key player in the athletic goods industry, and will continue to succeed in the rumination and sale of its products in future years.

Company Nike was founded in 1978 by two powerful sports figures, Bill Bowerman and Phil Knight. Over thirty years later, Nike, Inc. And its "swoosh" logo have become a household name, and it is recognized as one of the largest sporting goods company in the world. Nike has evolved throughout the years. Today, its key consumer products are footwear, apparel, equipment, and sport accessories. The company offers products for multiple sports including running, basketball, football, soccer, baseball, golf, tennis, skateboarding, and snowboarding.

In addition to these sports, Nike sells reduces for athletic training in general, and for many other athletic and recreational uses. Target Market Being a sporting goods company, Nike targets athletes and active consumers. " Most of the consumers of Nike's products are mainly athletic. Nike is the master of segmentation, its segmenting market typically target's athletes, both women and men from the age 15 to 35. Nike's targeting market is active people who enjoy high quality sporting goods, especially footwear.

Nike focuses on creating premium consumer experiences on product innovation, brand leadership and elevated retail presence"(A Marketing Case Study on Nike). Nike has segmented its consumer market by age, gender, and interest. By doing this, Nike is able to effectively penetrate numerous Nike has a very diversified product line. With over thousands of shoes to choose from, Nike is the world-leading supplier in athletic footwear. In addition to shoes, Nike is renowned for its athletic apparel and training equipment to groom an athlete or active consumer for success in their endeavors.

From sport jackets and socks to footballs and golf balls, Nike offers consumers a very, very wide selection of sporting goods. The variety of products for numerous different sports gives Nike a large product width and product depth, making the company a recognizable name across the globe. Nearly all of Nike's products have reached the maturity stage of the life cycle (Appendix A). " Products can be categorized into sports equipment, athletic apparel, and athletic footwear.

The product life cycle (PL) for each of these product categories has reached maturity. Athletic apparel and footwear products are primarily in the maturity stages, with the exception of trendy items. " (Statistics). Nike's products have entered maturity due to a stabilizing rate of sales and fermentation of its products in the past few years, which is a necessity in order to survive at this stage (Nike, Inc. 10-K). As depicted in Appendix B, Nike has a 5% market share for apparel and a 20% market share for footwear, respectively (MS Money).

Nike's main competitors, Adidas and Reebok, each produce a similar product mix to Nike's, and in order to keep a competitive edge, these companies attempt to optimize its current products and showcase new innovative products. The Summer Olympics, the biggest sporting event series in the world held every four years, presents Nike and other sporting goods companies with a huge opportunity to showcase new products and fuel the competition in their industry through sponsorships of teams and individual athletes.

By the next Summer Olympics in 2016, sporting companies will have another chance to show off their brand, enhancing the competitive rivalry between each other. Another competitive issue that inhibits Nike's product distribution is the large amount of substitutes in the sporting goods industry. Consumers have a wide selection of footwear, apparel, and sporting gear retailers to choose from, which requires sporting goods companies to enhance their marketing strategy to sell their products in order to survive in the industry.

On the contrary, there are some economic factors that may benefit Nike's marketing of product in the next few years. Since 2008 recession, real personal consumption expenditures have increased, indicating that consumers are willing to spend more of their money on certain items (Appendix B). This may be an opportunity for Nike to intensify marketing to consumers in order to increase sales at time where there is an increasing trend of consumer expenditures.

Product packaging is important to retain a positive sale for Nike and increase brand loyalty. Also, Nike has taken measures to become CEO-friendly, and as a result, the company has formulated a way to package its products in a professional and environmentally responsible manner. " Nike's corporate packaging was redesigned to manufacturing, and reduce costs. The boxes are flex-printed on 100% recycled E- flute with soy-based inks, two colors on one side. No glue is used in the packaging, which is rotary die cut, and it is 100% recyclable" (GAGA).

Nike's pricing objective is to target consumers who care about quality and will pay a higher price for a high quality product. Nike has a large number of loyal consumers and has set a slightly higher price than competitors and ensures quality and loyalty to these consumers who choose quality and the brand name over price. Variation of marketing strategies has induced high costs in product production and promotion for Nike. These costs include inventory, designing, and advertising expenditures. Additionally, inflation has increased raw materials and transportation costs.

To compensate for these high costs, Nike has decreased its marketing expenditures and has increased the prices for their products (Marketing Case Study on Nike). Once the consumers develop the product intimacy, they come to associate their person with the products and will pay whatever price quoted on the products. Nike use vertical integration price strategy in which they take ownership of the participants at channel level that differ and they also engage in various channel level operations both to control costs and thus influence the pricing function" (Marketing Case Study on Nike).

Since Nike has established itself in the industry, the company has used a premium pricing strategy and will continue to do so until the decline stage of its products. This strategy uses a fixed price based on the quality of the product. Although critics note the relatively high prices of Nike's products, they also point out that price ultimately reflects quality and loyalty to consumers (Marketing Case Study on Nike). The product life cycle and competitive rivalry in the industry has also had an effect of Nike's product prices.

When Nike first entered the market and its products were in the introductory stage of the life cycle, Nike used an introductory pricing strategy to attract consumers to purchasing its products and establishing a consumer base as well as consumer loyalty. Now that most of Nike's products have matured in the life cycle, Nike is able to set a premium on their products to showcase quality and brand loyalty to consumers. Nike has a large distribution channel. Appendix C indicates the distribution channels for Nike as it uses a traditional selling method.

Nike produces and manufactures its products to distributors and retailers all over the globe. Nike has nearly 800 retail stores operates in over 160 countries today including six of the seven continents. To include Nike's retail chains, it also sells its products at other sporting goods retailers like Foot Locker, Shells, Dick's Sporting Goods, to name a few. In addition to Nike products, the company has a list of affiliate brands such as Converse, Hurley, Jordan Brand, and Nike Golf. Nike uses selective distribution by offering its products at select wholesalers and retailers. By carefully selecting wholesalers or retailers, the manufacturer can concentrate on potentially profitable accounts and develop solid Nike has a large number of distributors, and has established a process for prospective distributors to become affiliated with the Nike trademark. " Becoming a Nike distributor requires following the protocol set forth by the company for those desiring to become Nike distributors. Becoming a Nike distributor requires completion and submission of an application, and then subsequent review for approval by the company.

The review process is conducted based on Nike's corporate criteria, and not everyone who applies will gain approval to become a Nike distributor" (Messers). Throughout the years, Nike has partnered with many companies to gain higher promotion and enhance its products. For example, Nike's recent partnership with Apple to launch the Nike+pod application incorporates exercise and music into one product and allows consumers to utilize both brands in the same activity. With Nike+pod, users can record exercises by timing a long distance run or measuring the distance of an early morning walk.

Another example of a successful Nike partnership is the Livingston brand. This partnership was highly promotional for both companies and led to a special Nike product line that launched the famous yellow apparel and equipment to inspire athletes and sport enthusiasts to "live strong." Nike's promotional objective is to showcase its brand, create awareness, increase demand, differentiate its products, and create value for its products. Sponsorships with professional teams and individual athletes are popular marketing techniques for Nike.

Teaming up with famous, recognizable athletes like Michael Jordan, Tiger Woods, Christian Ronaldo, and Kobe Bryant and launching product lines under these individual athletes gives Nike a big promotional advantage and value for its products. If consumers see professional athletes sporting the Nike brand, they will assess the quality and recognition of Nike's products. Over the years, society has moved with the "fit" trend. According to the Bureau of Labor Statistics, the fitness industry is growing at an increasing rate (Thompson).

Companies like Nike use this trend to its advantage to sell footwear, apparel, and equipment needed for those in the "fit" trend to succeed. With higher demand, Nike can produce higher sales revenue and higher profits. Since Nike's products are at the maturity stage of the product life cycle, product differentiation is crucial to survival in this kind of industry. Nike offers virtual customization of footwear and apparel to create a very wide spectrum of products and increase consumer interest and demands. A wide

selection of apparel and sporting equipment also attracts consumers, as Nike is able to meet the needs of the buyer.

Nike has adopted both a push and pull marketing strategy. Being a sponsor for numerous sports teams, whether college or professional, team members are inclined to use Nike products prescribed to them, which implements a push strategy for Nike. The Nike brand, Nike attracts consumers by linking Nike with athletic success, which implements a pull strategy for the company. Nike uses a number of different media channels to communicate with consumers. From commercial advertisements to Sport's Illustrated posters, Nike largely utilizes the media to promote its products.