



JUST DO IT.



Mohamed Gelle

1813499

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University of Wales Trinity Saint David

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Introduction

Nike, Inc (Nike) is one of the largest corporations in the world. The company specialises in designing, developing, marketing and selling of different athletic footwear, clothes for athletes, different equipment's and accessories for athletes (MarketLine, 2018). In addition to that, there are also various other products marketed and distributed by Nike which are intended for children's market and for other athletic and recreational activities such as cricket, football, and baseball etc (MarketLine, 2018). All these different types of products are sold by Nike through different channels such as the retail stores owned by Nike, independent distributors, different types of e-commerce and online portals, sales representatives and licensees based on different parts of the world (MarketLine, 2018).

The company has different products under numerous brands such as Nike, Hurley Jordan. The Jordan brand of Nike is for the designing and the distribution and licenses of footwear intended for athletes and casual wear, clothes and accessories intended for basketball players such as socks, hats and sweatbands etc. Whereas, Nike's Hurley brand focuses on the development and sales of action sports and youth lifestyle clothes and accessories (MarketLine, 2018). Nike has operations around the world, but its headquarters is in Beaverton, Oregon, the US (MarketLine, 2018).

The slogan Just do it, is the essence of Nike's brand success. It is how they connect, build a relationship and inspire their customers. It gives the company's customer's the perception that they can do or perhaps accomplish their fitness or sports goals with a Nike product.

Customer Relationship Management (CRM)

According to Kotler, in today's highly competitive marketplace, companies must win the hearts and the minds of their customers more than ever. Companies are regularly thinking about ways to attract and take customers from their competitors and then deliver a better and greater value in order to grow and sustain them. However, prior to satisfying its customers, it is essential for any business to do a careful analysis to first understand what are the needs and wants of its customer's (Kotler & Armstrong, 2018).

Nike is an example of a company that understands the needs and wants of its customers exceptionally well. Everything they do starts with the customer and to better understand its customer's needs and wants the company focuses on innovation and runs campaigns that inspire its target customers to reach their potential, hence they have the slogan "Just do it".

Nike's Customer Value Focused Marketing Strategy

To better understand its customer's needs and wants, Nike divides the market into different segments and then designs a particular strategies to serve the chosen segments in a profitable manner (Kotler & Armstrong, 2018). As a part of its marketing strategy in every segment Nike partners with highly successful professional athletes and teams that endorse their brand and act as ambassadors that inspire customers.

Segmentation

(Kotler & Armstrong, 2018) state the market comprises of different types of consumers, products, and with different needs. Therefore, companies should segment the market into different groups of buyers with different needs, behaviours or characteristics and who might require separate marketing strategies or mixes (Kotler & Armstrong, 2018). The various ways companies' group and serve customers are based on demographic, geographic, psychographic and behavioural (Kotler & Armstrong, 2018). This will enable the company to better understand and decide the market segments that present the most opportunities that are profitable.

In order to appeal to its target customers and win customers from their competitors Nike uses Psychographic segmentation. They run marketing campaigns that emotionally inspire and influence their target customers. Moreover, the company puts more effort into understanding what their customers want and thus use innovation to come up with products that fulfil the needs and wants of their customers. Once Nike designs the products, they launch advertisements that inspire and psychologically connect people to the product. In fact, most of the company's advertisements focus only on the benefits of the product and what one can accomplish by buying these products.

Targeting

Although Nike initially focused on designing running shoes for serious runners only, the company today targets people who are interested in sports and who see sports as a part of their lifestyle. They use differentiated targeting strategy by sponsoring great athletes and linking their product to their success. They constantly engage with their target group through apps, advertisements and endorsements.

Positioning

Through the sponsorship of highly successful athletes, Nike differentiates from its competitors quite well, by positioning itself as the market leader for superior quality sports shoes and apparel. The company uses great marketing campaigns that link success to their products and hence are famously known for their slogan “Just do it” in all their ads. This positions the products of Nike in the market as a high quality and performance product.

Marketing Mix

Compared to its competitors the marketing strategy used by Nike is quite successful. The following is the marketing mix of Nike. In order to engage with consumers and deliver customer value, the company uses a marketing mix which consists of the 4 P’s, which are elaborated as follows:

Product

Nike has different products under numerous brands such as Nike, Hurley Jordan. Hence, it specialises in designing, developing, marketing and selling of different athletic footwear, clothes for athletes, different equipment’s and accessories for athletes (MarketLine, 2018). In addition to that, there are also various other products marketed and distributed by Nike which are intended for children’s market and for other athletic and recreational activities such as cricket, football, and baseball etc (MarketLine, 2018).

Price

The different products of Nike are seen as high-quality premium products by their target customers. The company has wide variety of products with different designs. Therefore, Nike’s pricing strategy is based on customer value.

(Kotler & Armstrong, 2018) state that “customer value-based pricing is setting price based on buyers’ perceptions of value rather than on the seller’s cost” (Kotler & Armstrong, 2018). Nike sets the price of each of its products based on the perception of its customers i.e. the amount of value the company believes consumers will place on the benefits they receive from its product. The company’s strong brand reputation, its partnership with highly successful professional sports athletes and teams increase the positive perception its customers place on the value of the product. Thus, enabling Nike to charge premium prices on most of its products.

Place

Nike distributes its product through different channels such as the retail stores owned by Nike, independent distributors, different types of e-commerce and online portals, sales representatives and licensees based on different parts of the world (MarketLine, 2018). One of the company's major success was to enable its customers to customise and design their own shoes using the company's website nike.com.

Promotion

Nike partners with successful professional athletes and teams. Using these athletes together with their famously well-known slogan "Just do it", Nike inspires and attracts customers.

The company's slogan "Just do it" together with their trademark the "swoosh" has distinguished Nike from its competitors quite well and is seen as a quality brand which enables you to accomplish your goals.

The company carries out inspiring marketing campaigns in Facebook, YouTube and Instagram reaching out to millions of fans whilst using well known athletes as a brand ambassador.

Nike's Customer Service Gap Model

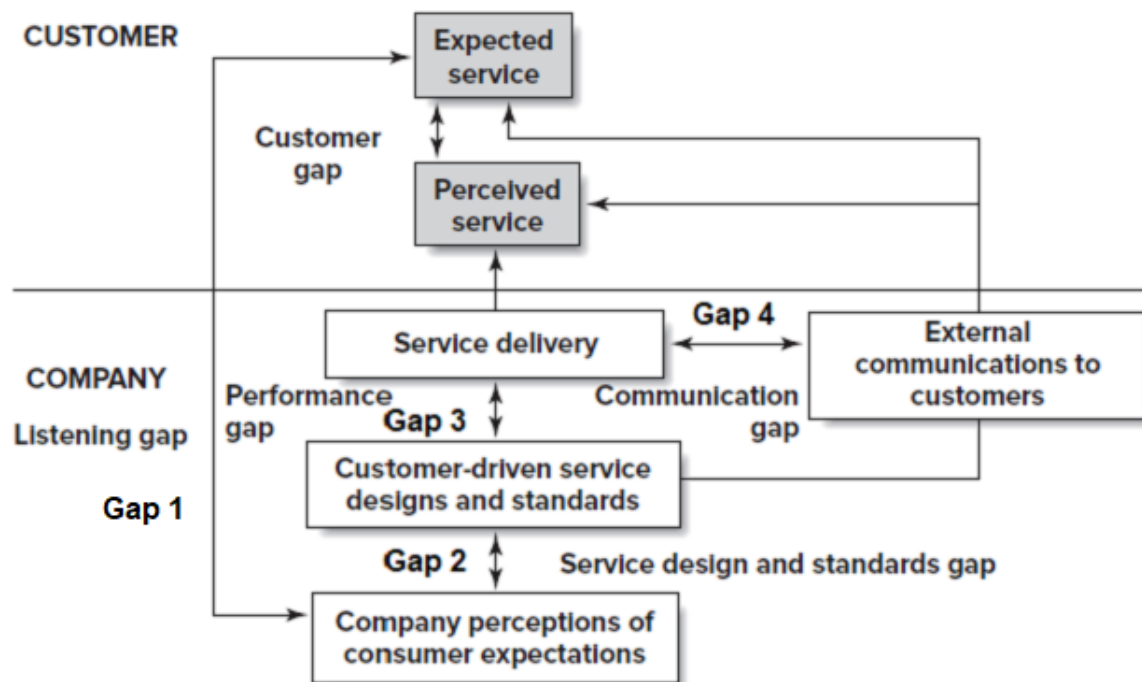
In today's ever competitive market, companies are under increasing pressure to meet the ever-increasing customer service expectations from consumers. Therefore, companies put more emphasis on meeting the expectations of their customer's.

"Customer expectations is defined as standards or reference points that customers bring into the service experience, whereas customer perceptions are subjective assessments of actual service experiences and often consist of what a customer believes should or will happen" (Zeithaml, et al., 2018). Therefore, companies strive to be in a situation where they fulfil their customer's perceptions.

One of the frameworks used by companies to help understand if they meet their customer's expectations is the five Gap model of Service Quality. "Customer gap is the difference between what the customer expects and what they perceive" (Zeithaml, et al., 2018). If the way a customer perceives a certain service meets what they expected, they become satisfied customers, whereas, if their perception of service doesn't meet their expectations, they become dissatisfied which means that one of the five gaps of service model has not been fulfilled (Zeithaml, et al., 2018).

Of the five gaps of quality service model, the first four of them are named the provider gaps and are accountable of the fifth and most essential service quality gap i.e. the customer gap which is the difference between the expectations of the customer and their perception (Zeithaml, et al., 2018). To get a customer satisfaction Nike must close this gap.

Figure 1: The Five Gaps of Service Quality Model



Source: (Zeithaml, et al., 2018).

The first Gap: The Listening Gap

This is basically a knowledge gap. It refers to the difference between the service customers expect to receive and Nike's understanding of what their customers expect from them. A failure to meet this expectation is basically caused by a poor understanding of the customer expectations from the company (Zeithaml, et al., 2018). Nike understands this gap exceptionally well. To understand their customer expectations Nike has created Nike + (plus) website and an app. Through this website and app, the customers interact with their friends etc, and Nike collects information and gets insights on how customers use their products and what their expectations are from the company.

The second gap: Service design and standards Gap

It refers to the difference between how Nike understands the expectations of its customer and Nike's development of a service designs and standards that focus on the customer (Zeithaml, et al., 2018). With the help of its app, Nike enables the customers to be part of designing the customer service experience they get. For example, Nike Plus members are able to access stores and see if certain shoes design and particular sizes are available. It also enables them to scan products in store to learn more about the colours, sizes available and to see the real-time inventory of both in particular store and online. On the other hand, the company's Nike by you, allows customers to make an appointment with style experts that help them design their own shoes. By including the customers in the process of how customer service is designed Nike accomplishes customer focused service designs and closes the gap.

The third gap: Service Performance Gap

It refers the difference between service standards developed by the company that focus on the customer and its employee's actual service performance (Zeithaml, et al., 2018). The employees in Nike store are well educated about the products the company offers. Customers are able to pre-book an appointment with an expert who can help them with any queries they have or give them any information they need with regards to the product or even help them make their own designs. These store associates give customers personalised shopping experience. Therefore, Nike closes this gap by ensuring its employees fulfil the customer expectations and that customers get personalised shopping experience.

The fourth gap: Communication Gap

It is the promises made by the company through its different channels of communication and advertisement, and may increase the expectations of customers, which is the standards by which customers will be assessing the level of service quality and thus, a gap is created if company does not fulfil the promises it made (Zeithaml, et al., 2018). Nike's advertisements inspire its customers, and emotionally connect well with them. Although the company has good quality products that fulfil their customer needs such as shoes that are suitable for running, the marketing strategy they use is to inspire their target customers through the partnership of successful athletes who act as brand ambassadors and tell inspiring stories. Therefore, if the product meets the needs of the customer and they get inspired by the ads they feel the company has fulfilled their promise and thus the gap is closed.

The fifth gap: Customer Gap

It is the most critical gap of all and refers to the difference between the expectations of the customer and their perceived service performance. In order to deliver good quality service, its closing this gap is essential (Zeithaml, et al., 2018). By closing the main four provider gaps we can see that Nike has met the expectations of their customers. The company clearly understands what their customers expect from them and uses a good marketing campaigns fulfil what their customers expect from them.

Conclusion

In conclusion it can be seen from the analysis of Nike's five gaps of service quality model, that Nike has accomplished to close the most critical gap i.e. customer gap by first closing gaps 1 to 4 i.e. the provider gaps. The company uses tools such as the Nike plus app and website to get insights and understand what their customers expect from them so that they can affectively meet their expectations. Therefore, it can be argued that Nike is a company that has done exceptionally well in using the knowledge from their customers to fulfil their expectations.

Brand Relationship and Customer Journey

(Kotler & Armstrong, 2018) state that because "customers attach meanings to brands and develop brand relationships, brands have meaning well beyond a product's physical attributes". Nike builds a relationship with its customers by consistently engaging with them and even enabling them to buy their own customised shoes etc. The company's brand is associated with high quality premium products; hence, the company's customers perceive that Nike products will give them the benefits they expect from the product such as good quality and performance. Moreover, Nike builds a relationship with its customers from a young age and most of them grow up with the brand and strongly believe that it successfully meets their perception, hence, the company has a powerful brand with a high equity which is what companies strive to achieve.

Brand Equity

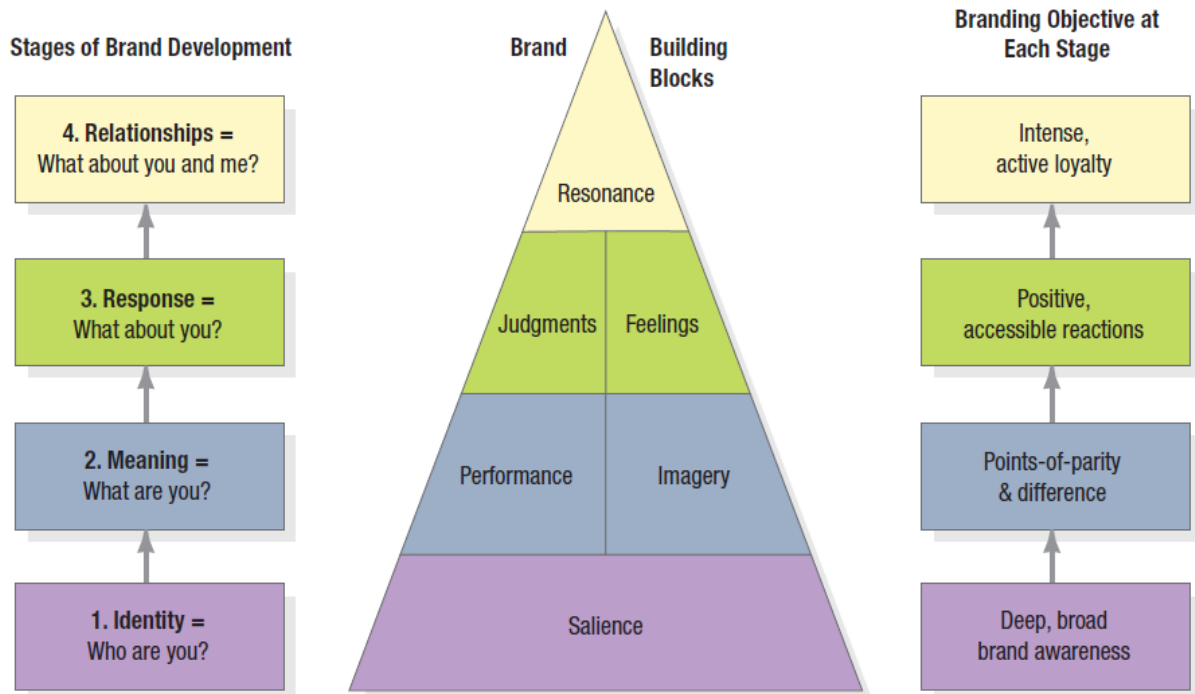
“Brand equity is the monetary value of the company’s brand” (Masterson, et al., 2017). Hence, it is essential to build brands beyond the name and the logo in order to get a competitive advantage from competitors and add value to the products.

Both from the customer and Nike’s perspective, the company has a well-known brand which adds value to its products. Having a strong brand gives Nike a competitive advantage over their competitors. Because of its strong brand reputation and the benefits its products provide Nike has loyal customers that trust and buy only their brand. Using the brand equity model of Keller, also known as Customer-Based Brand Equity (CBBE) model we can see how Nike builds strong brand.

Brand Equity model of Keller

As it can be seen in Figure 2, the brand equity model of (Kotler & Keller, 2012) states that there are four steps of brand development involved in building a strong brand.

Figure 2: Brand Equity Model of Keller



Source: (Kotler & Keller, 2012).

Applying Keller's Model to Nike

Brand Identity (Brand Salience)

According to Keller, in order to accomplish the right brand identity it is essential to create brand salience which relates to aspects of customer awareness of the brand (Keller, 2001).

Nike is a company that has achieved a great brand identity. The Nike brand with its swoosh is a highly recognised brand both by the company's customers and also by people who are not Nike customers necessarily. In addition to that, the company's slogan "Just do it" is also highly recognised. The company's brand is associated with a premium and high-quality product. Whereas, their slogan is inspirational and associated with the ability to accomplish goals with a Nike product.

Brand Meaning (Brand Performance and Brand Image)

Creating a brand meaning involves creating a brand image. Nike brand is associated with high quality and performance, which is what stands in the minds of the company's customers, hence, giving the Nike brand a meaning and image of a high quality and performance product.

Nike develops a high-quality, light weight shoes that are comfortable for runners. The company focuses on innovation to ensure that their products meet their customer's functional needs. Moreover, using highly successful professional athletes as brand ambassadors and their slogan "Just do it" with an inspirational marketing campaigns enable Nike to create the image that Nike product is for high achievers. Consumers link Nike with the ability to accomplish and be the winner.

Brand Response (Brand Judgements and Brand Feelings)

Nike products are judged by its customers as credible and premium quality products. The consumers of the company judge Nike product based on its quality, design, comfortability, credibility and superiority to its competitors.

Nike inspires their consumers through their marketing ads. Through the sponsorship of successful athletes, the company leads their consumers to believe that they can accomplish their goals with a Nike product. Whereas, the quality and design of Nike product gives consumers the feeling that the Nike products are credible and will meet their needs.

Brand Relationship (Brand Resonance)

Nike customers have a very good relationship with the brand. The company enables customers to design their own shoes in their stores with the help of style experts. They can also order their own customised shoes using the company's online feature "Customise with Nike by You". Thus, Customers feel that they are part of the brand and they also are able to add their taste to the brand.

Conclusion

Building and maintaining a strong brand is key to a successful business. Nike understands all the four steps that involve building a strong brand exceptionally well. The company starts with understanding its consumers well and then fulfilling their needs by focusing on innovation. Through innovation the company develops quality products that meet the customer's functional needs and psychologically attach customers to the brand. Hence, we can argue that Nike has developed a strong brand which can be easily recognised both by people who already use their products and those who don't.

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