



NIKE

JUST DO IT.

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Master of Business Administration

Marketing Management (LCMB7001)

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07/05/2019

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Introduction to Nike

Nike, Inc (Nike) is an American multinational corporation that designs, develops, markets and sells athletic footwear, apparel, equipment, accessories and services. It also markets and distributes various products for kids and for other recreational and athletic activities such as football, baseball, cricket, wrestling, walking and outdoor activities etc., and various apparels with licensed college and professional team and league logos. Nike sells these products through the company-owned retail stores, e-commerce portals, independent distributors, licensees and sales representatives located worldwide (MarketLine, 2018).

The company markets its products under various brands including Nike, Jordan, Hurley. The company's Jordan brand designs distributes and licenses athletic and casual footwear, apparel and accessories for basketball players and its Hurley brand develops and sells action sports and youth lifestyle apparel and accessories. It is headquartered in Beaverton, Oregon, the US, and has presence in North America, Central America, South America, Asia-Pacific, the Middle East, Africa and Europe (MarketLine, 2018).

Nike's slogan Just do it, is the essence of its brand's 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 win customers from their competitors and then engage and grow them by delivering greater value. But before it can satisfy customers, a company must first understand customer needs and wants, therefore, requires careful customer analysis (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 the needs and wants of its customers 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-Driven Marketing Strategy

To better understand the needs and wants of their customer's Nike divides the market into different segments and design strategies for profitably serving chosen segments (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 states that, the market consists of many types of consumers, products, and needs. Therefore, companies must segment the market into distinct groups of buyers who have different needs, characteristics, or behaviours and who might require separate marketing strategies or mixes. The various ways companies' group and serve customers are based on geographic, demographic, psychographic, and behavioural (Kotler & Armstrong, 2018). This will enable the company to determine which segments offer the best opportunities.

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 there 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.

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.

Marketing Mix

Compared to its competitors Nike has a successful marketing strategy. The following is the marketing mix of Nike which is the set of tactical marketing tools that the firm blends to produce the response it wants in the target market. The marketing mix of Nike consists of the 4 P's which is what the firm can do to engage consumers and deliver customer value (Kotler & Armstrong, 2018).

Product

Nike designs, develops, markets and sells athletic footwear, apparel, equipment, accessories and services. It also markets and distributes various products for kids and for other recreational and athletic activities. The company markets its products under various brands including Nike, Jordan, Hurley. The company's Jordan brand designs distributes and licenses athletic and casual footwear, apparel and accessories for basketball players and its Hurley brand develops and sells action sports and youth lifestyle apparel and accessories. the company has a very good reputation for high quality products with a great design.

Price

Nike's products 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 customer value-based pricing.

According to Kotler, 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 how much value consumers place on the benefits they receive from the 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 is the world's largest supplier of athletic shoes and apparel. The company distributes its products through the company owned retail stores, e-commerce portals, independent distributors, licensees and sales representatives located worldwide. It also merchandises these products through its e-commerce portal [nike.com](https://www.nike.com) (MarketLine, 2018). Nike enable its customers to customise and design their own shoes using the company's website [nike.com](https://www.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 trade mark the “swoosh” Nike has distinguished 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

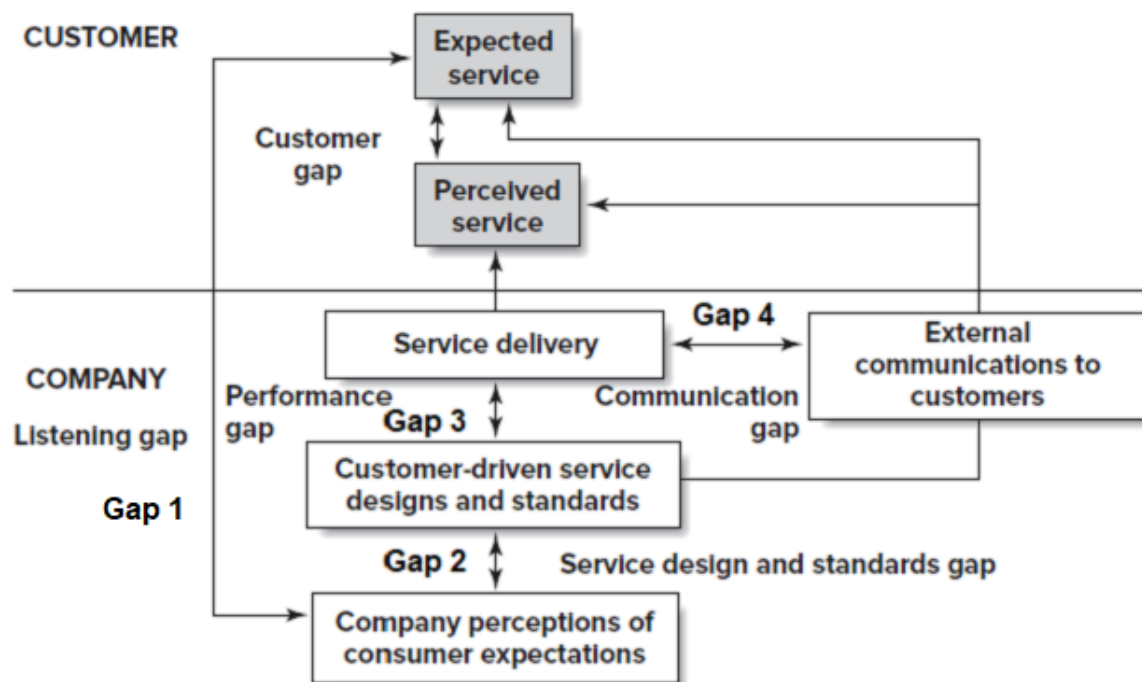
In today’s ever competitive market, companies are under increasing pressure to meet the ever-increasing customer service expectations from consumers. Therefore, companies put more emphasis on meeting their customer’s expectations.

Customer expectations are standards or reference points that customers bring into the service experience, whereas customer perceptions are subjective assessments of actual service experiences. Customer expectations often consist of what a customer believes should or will happen. Therefore, companies strive to be in a situation where customers would perceive that they have received what they thought they would and should (Zeithaml, et al., 2018).

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 customer expectations and perceptions. If the customer’s perception of the service they get meets their expectation, they become satisfied, 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 that occur in companies are called provider gaps and are responsible of the fifth and most critical service quality gap i.e. the customer gap which is the difference between customer expectations and perceptions. To get a customer satisfaction Nike must close this gap (Zeithaml, et al., 2018).

Figure 1: The Five Gaps of Service Quality Model



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

Gap 1: The Listening Gap

This gap is basically a knowledge gap. It refers to the difference between customer expectations of service and Nike's understanding of those expectations. A failure to meet this expectation is basically caused by a lack of understanding of the customer expectations (Zeithaml, et al., 2018). The management of 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.

Gap 2: Service design and Standards Gap

This refers to the difference between company understanding of customer expectations and the development of customer-driven service designs and standards (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-driven service designs and closes the gap.

Gap 3: Service Performance Gap

This gap refers the discrepancy between the development of customer-driven service standards and actual service performance by company employees (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 meet the expectations of the customers and that customers get personalised shopping experience.

Gap 4: Communication Gap

This gap refers to promises made by Nike through its media advertising, sales force, and other communications and may raise customer expectations, the standards against which customers assess service quality, and thus, a gap is created if the 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.

Gap 5: Customer Gap

Customer gap refers to the difference between customer expectations and perceptions. This is the most critical gap of all. Closing the gap between what customers expect and what they perceive is critical to delivering quality service and forms the basis for the gaps model. (Zeithaml, et al., 2018). By closing the four provider gaps we can see that Nike has met the expectations of their customers. The company clearly understands what their customer's needs and expectations are and uses the right marketing campaigns to meet their customer needs and expectations.

Conclusion

In conclusion we can see from the analysis of Nike's five gaps of service quality model, that Nike has met the key to close the customer gap which is to first close the provider gaps i.e. gaps 1 to 4. 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

A brand is a name, term, sign, symbol, or design, or a combination of these, that identifies the maker or seller of a product or service. Consumers view a brand as an important part of a product, and branding can add value to a consumer's purchase. Customers attach meanings to brands and develop brand relationships, as a result brands have meaning well beyond a product's physical attributes (Kotler & Armstrong, 2018). Therefore, companies focus on building a strong brand and continuously improve their brand image.

Branding helps buyers in many ways. Brand names help consumers identify products that might benefit them. Moreover, brands also say something about product quality and consistency, buyers who always buy the same brand know that they will get the same features, benefits, and quality each time they buy. Therefore, because brands represent consumers' perceptions and feelings about a product and its performance, everything that the product or the service means to consumers, a powerful brand like Nike has a high brand equity so, companies constantly strive to increase their brand equity (Kotler & Armstrong, 2018).

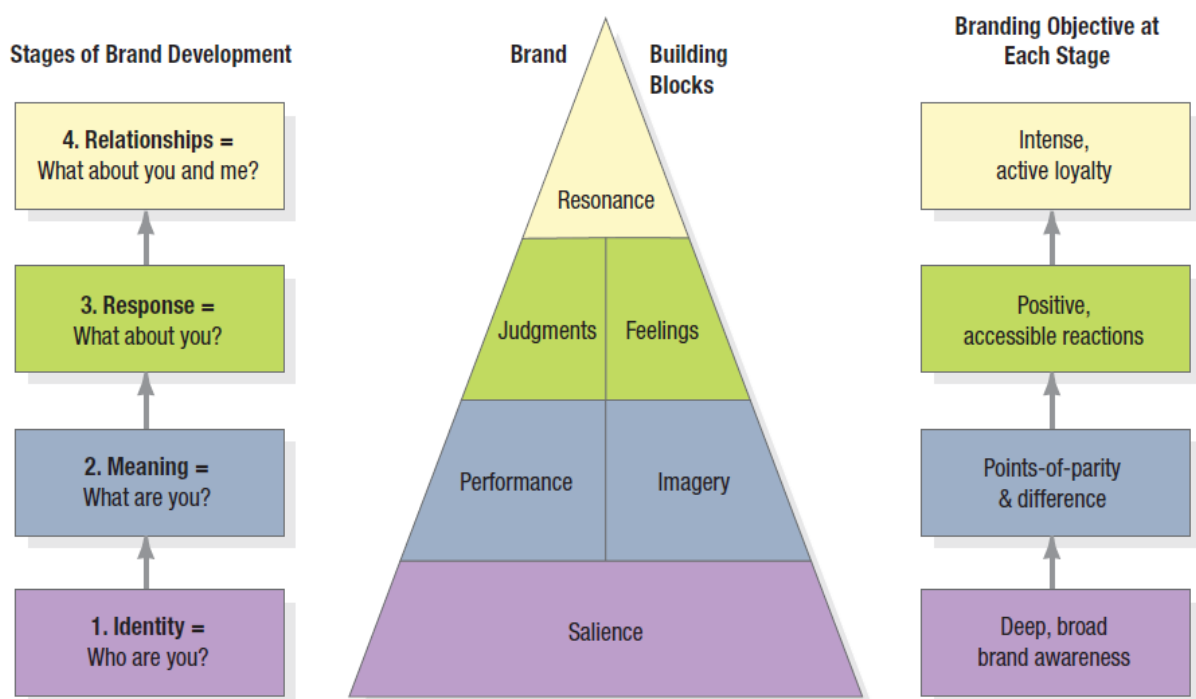
Brand Equity

Brand equity is the differential effect that knowing the brand name has on customer response to the product and its marketing. It's a measure of the brand's ability to capture consumer preference and loyalty. A brand has positive brand equity when consumers react more favourably to it than to a generic or unbranded version of the same product. It has negative brand equity if consumers react less favourably than to an unbranded version (Kotler & Armstrong, 2018). 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 a loyal customers that trust and buy only their brand. Using Keller's brand equity model, also know as Customer-Based Brand Equity (CBBE) model we can see how Nike builds strong brand.

Keller's Brand Equity model Also Known as Customer-Based Brand Equity (CBBE) model

As you can see in Figure 2, Keller's brand equity model states that building a strong brand involves four steps of brand development. Enacting the four steps to create the right brand identity, brand meaning, brand responses and brand relationships is complicated and difficult process. Therefore, to provide some structure, it useful to think of six "brand building blocks" that help further develop the brand as illustrated in Figure 2 and also accomplish the four steps necessary to create a strong brand. To imply the sequencing involved, these building blocks can be assembled as a brand pyramid (Keller, 2001). The model emphasizes the duality of brands, the rational route to brand building is on the left side of the pyramid and the emotional route is on the right side (Kotler & Keller, 2012).

Figure 2: Keller's Brand Equity Model Also Known as Customer-Based Brand Equity (CBBE) Model.



Source: (Kotler & Keller, 2012).

Nike's Customer-Based Brand Equity (CBBE) Model

Brand Identity (Brand Salience)

Achieving the right brand identity involves creating brand salience. Brand salience relates to aspects of customer awareness of the brand. It concerns how easily customers think of the brand under various purchase or consumption situations and to what extent is the brand easily recalled? (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, what the brand is characterised by and should stand for in the minds of the customers. Brand meaning can broadly be distinguished in terms of functional, performance-related considerations versus abstract, imagery-related considerations. Thus, brand meaning is made up of two major categories of brand associations that exist in customers mind, which are related to performance and imagery (Keller, 2001).

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)

Brand responses refers to how customers respond to the brand, its marketing activity, and other sources of information, that is, what customers think or feel about the brand. Brand responses can be distinguished according to brand judgements and brand feelings, that is, in terms of whether they arise more from the "head" or the "heart" (Keller, 2001).

Nike products is judged by its customers as a 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. On the other hand, the design and the quality of Nike product gives consumers the feeling that the Nike products are credible and will meet their needs.

Brand Relationship (Brand Resonance)

This is the final step of the model. It refers to the nature of the relationship that customers have with the brand and the extent to which they feel that they are “in sync” with the brand (Keller, 2001). Resonance is the intensity of customers’ psychological bond with the brand and the level of activity it generates (Kotler & Keller, 2012).

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 of building 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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Appendix

Figure 1: The Five Gaps of Service Quality Model

Figure 2: Keller's Brand Equity Model Also Known as Customer-Based Brand Equity (CBBE) Model.