

marketing SPOTLIGHT

Nike

When Phil Knight, a former college track athlete, and his former coach, Bill Bowerman, started a shoe company in 1962, they couldn't have known that they would ultimately create one of the world's most valuable brands. Originally known as Blue Ribbon Sports, the company started out as a distributor for the Japanese shoe maker that today is known as Asics. It wasn't until 1971 that Blue Ribbon changed its name to Nike, after the Greek goddess of victory, and started designing its own shoes.

Nike focused on providing affordable, high-quality running shoes designed for athletes by athletes. To keep the cost of the shoes competitive, the company outsourced its production to lower-cost manufacturers in Asia. Through this combination of innovative design, a commitment to serious athletes, and competitive prices, Nike built a cult following among U.S. consumers.

Although Nike had a great product on its hands, the company knew that deft management was vital to the growth of the brand. Central to the company's branding was its belief in a "pyramid of influence," with the preferences of a small group of top athletes influencing the product and brand choices of consumers. Following through with the theme of victory embedded in its name, Nike in 1972 signed Olympic track star Steve Prefontaine as its first spokesperson—the beginning of a long line of accomplished athletes who have touted the company's products.

One of Nike's greatest successes with this approach came in 1985 with the signing of rookie basketball player Michael Jordan as a spokesperson. Jordan was still an up-and-comer, but he personified superior performance. Thanks to Jordan's meteoric rise over the next few years, Nike's bet paid off as

consumers clamored for the Air Jordan line of basketball shoes with the distinctive Nike swoosh. As one reporter stated, "Few marketers have so reliably been able to identify and sign athletes who transcend their sports to such great effect."

In addition to associating itself with the best athletes, Nike also showed a talent for creating iconic advertising campaigns. In 1988, Nike aired the first ads in its influential "Just Do It" ad campaign, which subtly challenged a generation of athletic enthusiasts to chase their goals. The slogan was a natural offshoot of Nike's attitude of self-empowerment through sports.

While expanding overseas, Nike adapted its marketing to face new challenges. The company quickly learned that its U.S.-style ads were too aggressive for consumers in Europe, Asia, and South America and adjusted its tone. Furthermore, it needed to tailor its marketing for different countries so consumers would feel that the brand was authentic. To this end, Nike focused on promoting soccer (called football outside the United States), becoming an active supporter of youth leagues, local clubs, and national teams around the world. It also searched for opportunities to sponsor soccer teams and leagues in an attempt to replicate the company's earlier success with U.S. sponsorships.

In the late 1990s, Nike moved into soccer in a big way. It secured marketing rights for several major soccer federations, including those in powerhouse countries like Brazil and Italy. It also started pouring money into marketing campaigns focused on the World Cup. Nike's heavy investment in soccer helped propel the brand's growth internationally as its image morphed from that of a sneaker company into a brand that represented emotion, allegiance, and identification. In 2003, overseas revenues surpassed U.S. revenues for the first time, and in 2007 Nike acquired Umbro, a British maker of soccer-related footwear, apparel, and equipment. The acquisition made Nike the sole supplier to more than 100 professional

(continued)



Source: Wisanu Boonrawd/
Alamy Stock Photo

soccer teams around the world and boosted Nike's international presence and authenticity in soccer.

As Nike's global brand continued to grow, its managers realized that, across countries, players and fans of a given sport have a lot in common. Thus, the company began to focus its marketing efforts more on categories than on geographic location. With this principle in mind, Nike has successfully expanded its brand into many sports and athletic categories and increased its presence across the globe.

Nike continues to partner with high-profile and influential athletes, coaches, teams, and leagues to build credibility with consumers as it expands into more categories. It has sponsored tennis stars like Maria Sharapova, Roger Federer, and Rafael Nadal to push its line of tennis clothing and gear. In golf, Nike's swoosh gained prominence when Tiger Woods won tournament after tournament while wearing the company's products. In the years since Nike first partnered with Woods, Nike Golf has grown into a multi-million-dollar business and changed the way golfers dress. Of course, Nike hasn't forgotten its roots. To promote its line of basketball shoes and apparel, Nike has partnered with generations of basketball superstars like Kobe Bryant and LeBron James. Today, Nike is the biggest sponsor of athletes in the world,

spending hundreds of millions of dollars a year on athletic endorsements.

While Nike's athletic endorsements help attract and inspire consumers, its recent innovations in technology have resulted in more loyal and emotionally connected customers. Delving into wearable technology, Nike has developed a running application and community called NIKE+ that allows runners to engage in the ultimate running experience. By linking a Nike+ kit to a smartphone app, runners can view their real-time pace, distance, route, and coaching tips,

which they can then share online. Nike has expanded NIKE+ to areas like basketball and general exercise tracking. It has also co-branded with Apple to create the Apple Watch Nike+ edition, which gives users access to special watch faces and bands unavailable to other Apple Watch purchasers.

In addition to its foray into technology, Nike, like many companies, is trying to make its company and products more eco-friendly. Unlike many companies, though, it does not promote these efforts. As one brand consultant explained, "Nike has always been about winning. How is sustainability relevant to its brand?" Nike executives agree that promoting an eco-friendly message would distract from its slick high-tech image, so efforts such as recycling old shoes are kept quiet.

Thanks to its successful expansion across product categories and geographic markets, Nike is the top athletic apparel and footwear manufacturer in the world. Swooshes abound on everything from wristwatches to skateboards to swimming caps. Looking to the future, Nike sees some challenges ahead. Nike has traditionally thrived in brick-and-mortar retail channels, but increasing numbers of consumers are shopping online. Nike is searching for a winning strategy for promoting its brand in a digital age dominated by websites

like Amazon. Despite its focus on new forms of promotion and distribution, the firm's long-term strategy remains the same: to produce innovative, high-quality products that help athletes win.⁵³

Questions

1. What are the key components of Nike's marketing strategy?
2. What are Nike's strengths and weaknesses?
3. If you were Adidas, how would you compete with Nike?