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ASSESSMENT 2: PORTFOLIO: BRAND EXTENSION

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Introduction

Brand extension strategies are essential for businesses to operate at the international platform with competitive advantages for diversifying its revenue stream. This report is purposefully developed for providing a brand extension strategy for Nike for extending its sales of sports shoes. This report is highlighting brand extension strategy for Nike in terms of operating in the market of Iran directly with its sports shoes for better competition. The report has provided a brand extension strategy along with marketing mix strategy followed by a consumer persona for Nike to manage its business expansion. An adequate customer segmentation strategy is also provided for Nike to manage its promotional activities in Iran.

1. New Brand Extension for Nike in Iran for Selling its Sports Shoes

Audience extension strategy can be followed by Nike to manage its business in Iran with the existing sports shoes collection in the new market. According to the research of Kolesnyk (2022), audience extension strategy helps brands to raise new consumer segments with similar products that the company is known for. Nike can utilise the audience extension strategy to enter in the market of Iran to reach the new consumer segment with its already existing shoe collection that can be helpful for business performance and market presence. The athletic footwear market revenue of Iran has been projected to reach \$66.32 million in the year 2025 11.51% growth rate (Statista, 2025). The high market demand of athletic shoes in Iran has been identified based on the increasing revenue of the industry along with the high growth rate.

The management of Nike can utilise the high demand of sports shoes in the market of Iran in terms of expanding its business. In addition, the number of users in the sports shoes market of Iran is expected to be enhanced by 2029 and becomes 7.6 million (Statista, 2025). The chances of increasing sales in the market of Iran can be appropriate for enhancing the financial performance of Nike by extending its brand in this Nation. High demand among the customers regarding athletic shoes along with the chances of growth can be utilised by the management of Nike to improve its business performance. In addition, the GDP growth rate of Iran has been identified to be 3.1% however; the annual inflation rate has been identified to be 29.5% (Imf, 2025). The high rate of inflation in Iran is indicating that the target audience is facing a high cost of living rate that is increasing bargaining power. Therefore, the management of

Nike at the time of brand extension are required to be concerned regarding the price of its shoes to keep it convincing for the consumers.

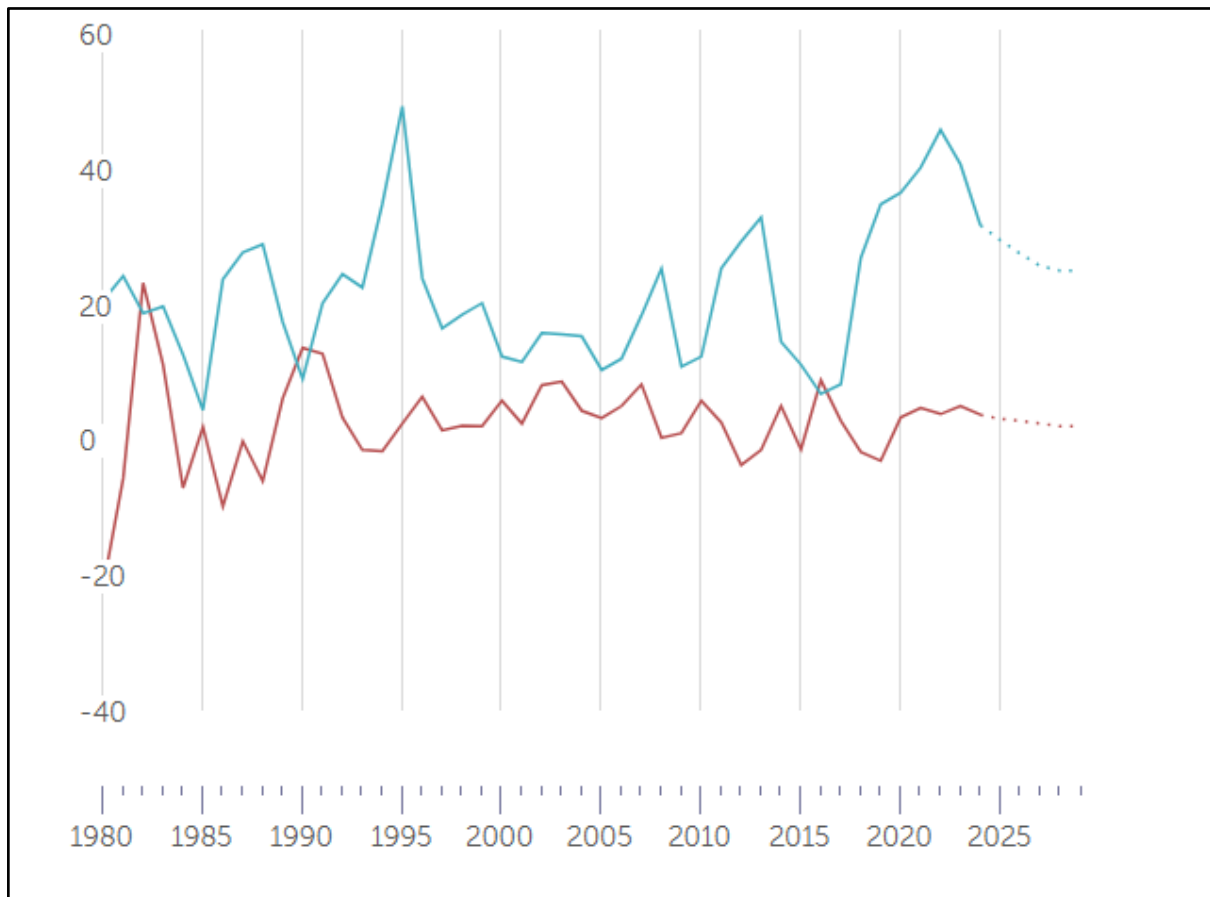


Figure 1: Inflation rate of Iran

(Source: Imf, 2025)

Figure 1 is highlighting that the inflation growth rate in the market of Iran is significantly high and it can reduce the consumption power of people due to the high cost of living. Audience extension strategy can help Nike to operate with a cost-effective manner in the market of Iran, as it does not require developing a separate production unit for the nation. As an example, Adidas is focusing on operating margin to reach her level of between 12% and 14% while enhancing revenue by 10% per annum (Adidas-group, 2025). It can be stated that Adidas is operating by extending its audience by expanding business in new emerging markets with existing product ranges. Nike, as a key competitor of Adidas, can incorporate the audience extensions strategy in terms of expanding its business in Iran with the existing product range of athletic shoes. Thus, implementation of an audience extension strategy can help in the management of Nike

to operate successfully in the market of Iran along with maintaining its competitive advantages.

2. Segmentation, Targeting and Positioning for the New Brand Extension in Iran

Segmentation	Targeting	Positioning
<i>Behavioural:</i> Brand loyalty level of uses and intention to maintain connection with the brands among consumers are considered to be behavioural factor by brands while segmenting consumers <i>Geographical:</i> People from the urban areas of Iran will be targeted by the management of Nike in terms of enhancing sales merging of its sports shoes <i>Psychographic:</i> Consumers emotionally attached with global brands in terms of using high quality athletic footwear in Iran can be targeted by Nike in terms of segmenting its target audience	The management of Nike will utilise the demographic and psychographic segmentation strategies in Iran as it will target both men and women with moderate income range with emotional dependency on branded athletic shoes for comfort	A comparative position in strategy will be followed by Nike in terms of entering in the market of Iran to directly sell its sports shoes

Demographics: Both men and women of Iran associated with athletic activities in regular life along with a moderate-income range can be targeted by Nike		
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Table 1: STP strategy for Nike in Iran

(Source: Self-developed)

Table 1 is highlighting the segmentation targeting and positioning strategy that can be followed by the management of Nike during its brand extension in Iran. Segmentation strategies can help Nike to improve effectiveness of its marketing strategies by creating a significant alignment between customers and the brand. As per the study of Alves Gomes and Meisen (2023), customer segmentation allows brands to focus on marketing campaigns by reducing Western resources while improving chances of success by connecting appropriate audiences with right messages. Nike can utilise the psychographic aspect of both men and women with high and middle in Iran for developing advertisements to grab attention from the consumers. Reportedly, the gym and training market of Iran is projected to reach \$117.8 million by the year 2025 and it is expected to generate \$1.30 revenue per capita in the year (Statista, 2025). The increasing rate of financial performance in the gym and training industry of Iran is indicating a growth of athletics shoes demand in the nation. Therefore, the growing demand of athletic shoes among the Iranian population can be helpful for Nike to expand its business of luxury sports shoes.

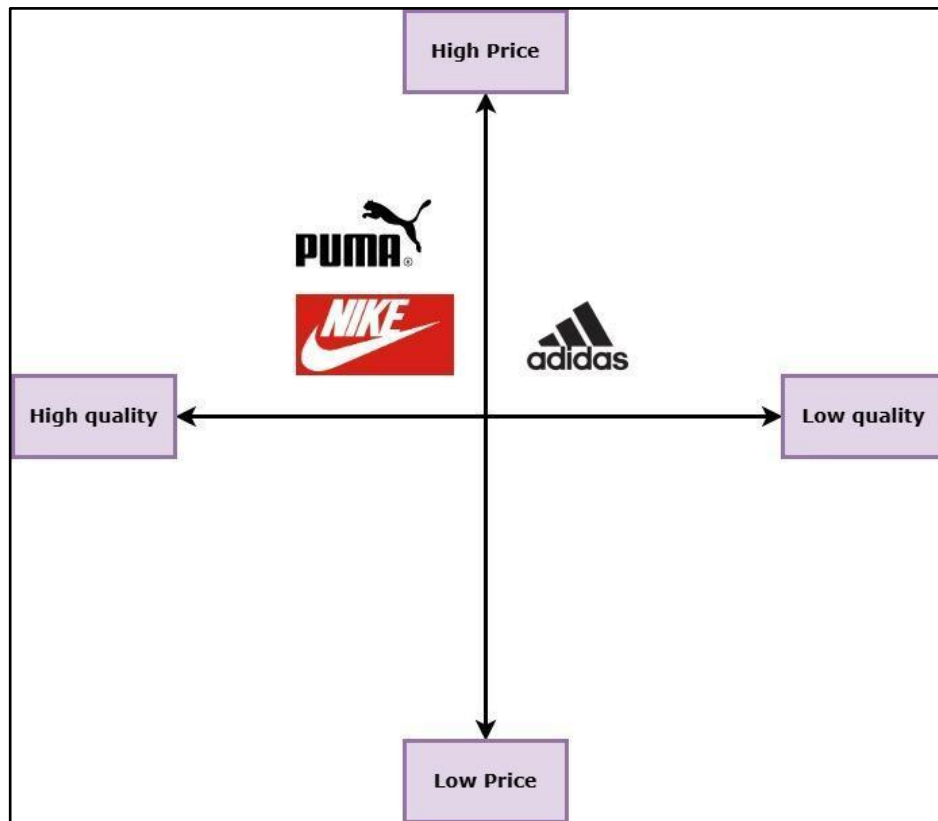


Figure 2: Positioning Map

(Source: Self-developed)

Growth of the running industry in Iran is also a suitable condition for Nike to expand its sports shoes business in the market. Reportedly, the revenue of the running market in Iran is amounted to \$54.35 million with a growth rate of 2.72% between 2025 and 2030 (Statista, 2025). The significant growth rate of the running industry in Iran is indicating an enhancing demand for sports shoes. Enhancing demand for sports shoes among the Iranian population due to running is indicating an opportunity for Nike to create influence over its target audience. Hence, Nike can utilise the market scenario of Iran in a marketing strategy while targeting both men and women of urban areas in the nation interested in using luxury sports shoes.

3. Customer Personal Profile including Demographic and Psychographic Information

Profile	Goals of Ava Ahmadi
 ● Name: Ava Ahmadi ● Address: 12 Azadi Street, District 3, Tehran, 1234567890 ● Age: 25 ● Occupation: Fitness enthusiast ● Relationship status: Single ● Story: Ava is working as a fitness enthusiast in the growing gym and Fitness training industry of Iran and she is interested in wearing well-designed and comfortable athletic shoes during work	● Ava is aiming to train women in Iran as much as possible to enhance fitness. ● Taking care of physical health while practicing running and other workouts at the gym and providing training sessions to others. ● Wearing comfortable shoes during sports in terms of ensuring safety of feet

<i>Motivations for using Nike</i>	<i>Pain point Nike will solve</i>
• Nike provides cushioning technology such as Zoom Air and Air Max that provides comfort and shock absorption. • High quality materials used in the shoes of Nike that make it resilient for long-term uses	• High price range of Nike shoes can be a challenge for the people in Iran to afford due to high consumer price index • Management at Nike can create a challenge for the organisation to attract its consumers

Table 2: Customer Persona

(Source: Self-developed)

Table 2 is highlighting the customers of Nike in the market of Iran can be both male and female and face some significant issues due to the pain points present in the organisation. High price of Nike products can create pain-points for customers to operate its business in the market of Iran as the consumers are already facing pressure of high inflation rate. Due to high market rivalry from companies such as Adidas, market share of the firm has decreased by 19% by the end of the year 2025 (Brown and Rajesh, 2025). The management of Nike is required to ensure that it is following competitive pricing strategies in terms of gaining competitive advantages through enhancing sales. Competitive pricing strategies can help the management of Nike to gain attention from its target audience in Iran who are facing pressure from consumer strategies. The management of Nike is required to ensure that the customers are able to feel connected with the brand and its products. Thus, using consumer persona can help to develop a strong marketing strategy for extending the brand in Iran.

4. 7Ps Marketing Strategies of Nike to Extend its Business

Marketing mix provides a strategic framework to plan and implement their marketing efforts by business in an effective manner. As suggested by Khaneja and Arora, (2024), marketing mix is responsible for considering and combining 7 key elements such as “Product, Price, Promotion, Place, People, Packaging, and Process”.



Figure 3: 7Ps Marketing

(Source: Inspired by Khaneja and Arora, 2024)

In addition, through driving sales, and building long-term customer loyalty, development of a well-balanced marketing mix plays a crucial role in influencing consumer behaviour in the modern business context. In this context being a global brand, Nike has incorporated all seven elements of marketing mix in its business model to reach global market position.

Product Mix

Nike has offered a wide range of sportswear, footwear, and accessories for various sports and activities, with a robust focus on innovation and quality. In terms of expanding into Iran, the market segment of Sports shoe has been selected where Nike needs to foster innovation and strategic direction to achieve robust competitive advantages. In addition, Nike has integrated innovative technologies including Air, Flyknit, and React across its sports shoe region (Nike, 2024). Although due to growing demands of premium quality shoes among both men and women, Nike needs to frequently upgrade tech-innovation across its diverse product ranges including sports shoes. For instance, Adidas uses “Primeknit and Boost, Hoka uses Meta-Rocker technology, and New Balance employs FuelCell” for adding tech-led innovation and generating diversification in product ranges (Footwearnews, 2024). These technologies focus on different aspects of performance, such as cushioning, energy

return, and fit. Focusing on national sports interest, Nike needs to develop a clear and transparent product portfolio while expanding in the Iranian market.

Price Mix

Nike employs a premium pricing strategy, setting prices higher than many competitors to convey a perception of high quality and value. Based on perceived value and brand loyalty, Nike is regulating its pricing strategy rather than solely focusing on lowest cost. In the year of 2021, Nike successfully accumulated \$97.7 million of investment in terms of driving positive impact over different communities around the world to facilitate effective CSR value (Nike, 2025). On the other hand, a diverse range of price points are observed, reflecting different brands, product categories, and target customer segments in the Iranian sportswear market (Farahani *et al.* 2023). In this context, products of Nike mainly use premium and luxury options with advanced technologies and unique designs, targeting a niche segment of consumers who value exclusivity and quality. Therefore, adherence to such a price mix will allow Nike to maintain its premium branding strategy like other major players Daei Sport, Asics, New Balance, and Skechers.

Place Mix

Previously, Nike utilized a “dual distribution strategy” that consisted of “wholesale and direct distribution channels”. For instance, in global operation Nike stores and “its e-commerce platform, SNKRS” play a pivotal role through facilitating omnichannel marketing strategy. Since 2020, in global operation Nike has been starting to enhance its emphasis over direct distribution based on its own stores as well as online platform (CDN, 2025). However, partnerships are crucial for market expansion as it provides access to new markets, resources, and expertise, ultimately fostering growth and innovation. Therefore focusing on its global brand reputation, Nike can initially partner with mostly used e-commerce sites focusing on growing the number of active online shops for understanding market dynamics.

Promotion Mix

Nike has employed a number of promotional strategies, including advertising, sponsorships, endorsements, and social media engagement, to build its brand and connect with consumers. As suggested by Czinkota *et al.* (2021), a flexible blend of various marketing methods like advertising, sales promotion, public relations, direct marketing, and personal selling are essential for facilitating promotional mix in international expansion. Therefore, focusing on the target audience in the Indian

market, Nike has been recommended to develop influencer marketing strategy and other online marketing strategy to attract a large number of target audience.

People Mix

Nike is aiming to engage with its employees, manufacturers, and customers in terms of ensuring a positive experience and building a strong brand reputation. Based on the “At a Glance” report, around 43% of the leadership position at Nike is held by women, which suggests the company knows how to value societal demands of equality through imitating its work culture (Nike, 2025). Apart from this, increasing demand for fitness equipment, and the global expansion of sportswear brands demands tech innovation in hiring and training processes to mobilise sustainable HRM processes in countries like Iran (Gazzola *et al.* 2024). Therefore, Nike requires emphasis on youth engagement programs and retail staff empowerment in terms of aligning brand values with local culture of Iran.

Process Mix

Nike has an emphasis on efficient supply chain management along with order fulfilment, and customer service to ensure a seamless experience. Aim of achieving sustainable manufacturing process allows Nike to integrate 78% of renewable energy across owned and operated facilities that is extended from 48% in 2020 (Nike, 2025). Based on market evaluation in Iran, Nike needs to partner with local payment gateways and offer cash-on-delivery options with facilitating easy returns, size exchanges, and localized customer support to enhance customer experience and brand awareness.

Physical Evidence

Based on the current global operation of Nike, its retail stores and online platforms provide tangible evidence regarding the brand's quality and design. Thus, focusing on online storefront, packaging, app interface, and branded kiosks, Nike can focus on facilitating premium sportswear experience in Iranian country context.

Conclusion

Conclusively, present study can state that brand extension of Nike athletic footwear market in Iran has presented a promising opportunity driven market dynamic with gradually growing demands, urbanization and growing fitness culture. In this regard, application of STP approach to develop insight on audience extension strategy and consumer persona are indicating niche market demands of high and premium quality sports shoes across Iranian market. By meticulously considering 7Ps of Marketing mix

elements, businesses can effectively reach new customers, build brand awareness, and increase sales as it assists in facilitating business strategy. Therefore, Nike can successfully penetrate the Iranian market and foster sustainable growth through leveraging its global brand image and adapting to local economic conditions to maintain competitive advantage in the sports footwear industry of Iran.

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