

Marketing of Nike

Introduction

Nike is the number one sport shoes and apparel selling company in the world with around twelve billions in sales in 2000 (Nike History and Timeline). The aim of this paper will be to show the diverse marketing strategies that the firm uses around the world in order to maintain the leadership. However, I will first give a short historical background of the company and its creation. Second, I will explain Nike's general marketing strategies based on the description of their web page. Forth, I will continue specifying the strategies using advertising campaigns for different activities: basketball, soccer, and tennis. In the fifth point I will talk about the competition that Nike faces, and finally I will introduce some problems that the company is facing regarding their image.

History

Phil Knight and Bill Bowerman officially created Nike in the late 1970's. However, under the name Blue Ribbon Sports, those two men begun to sell running shoes in the early 1960's. In fact, Nike's swoosh logo was created in 1971 by Caroline Davidson but the first shoe with this logo did not appear until the next year. The Swoosh represents "the wing of the Greek Goddess NIKE" (Nike History and Timeline). After limiting their activity to running shoes, the firm begun to diversify their products either by creating them on their own or by purchasing existing sports apparel manufacturing companies. The growing success of the company was not only due to their innovative products but also to manufacturing overseas, more precisely, Japan where they could produce high-tech running shoes at low costs.

Marketing Strategies

Since its creation, Nike has followed very different marketing strategies with the only objective of being number one in the sports footwear and apparel industry. This diversity is due to the growth of the company. In fact, in the 1980's the company's activities were basically focused in the United States. However Nike's image began to spread around the world and the company decided to look at other markets like Europe and Asia. In this part of the writing, I will focus on the description of Nike's web site (www.nike.com). Any person who accesses to this page can understand how global Nike is. In fact, the first thing you can see is the division of the world that the company makes: North America, Europe, Asia and Latin America. Africa is excluded not only because the market for sports apparel is quite small but mainly because few people have access to the internet in this region of the world. By entering the site "About Nike" we can see the global information about the company with the latest news. However, if we enter each region's web pages we can see how local Nike's strategy can be. On the one hand, the company's US page is the most global one because it shows all the products they have for each sport with the new advertising campaign "enjoy the weather". On the other hand, for the rest of their markets Nike has chosen a more local perspective. In fact, the European and the Latin American web sites focus on what is considered "the" sport of these people: soccer. For this purpose, the company shows the local European "heroes" (Henry from France, Mendieta from Spain and Totti from France) and the Latin American ones (Ronaldo from Brazil and Claudio Lopez from Argentina). In order to reach even better these local markets, we can read the European web in five languages (Spanish, German, French, English and Italian) and Latin American in the main two languages (Spanish and

Portuguese). In Asia Nike's strategy is even more localized between Japan, Hong Kong, Korea and Taiwan. The main reason is that the dominant sport activity differs from country to country. In Japan for example, soccer is becoming more and more important in part due to the European teams that are trying to get some Japanese players leave their country to improve their skills. This is the case of Nakata who is a real hero in the country. The growth of the market for soccer equipment will take its final step with the organization of the World Cup during the summer of 2002 in Japan and Korea. Something similar is happening with Hong Kong and Korea but in this case with basketball that is why these countries web sites focus on this sport. In Taiwan everything is different compared to the other webs. As one of the big producers of running shoes this country's web focuses on the product rather than on the athlete and the activity he practices. The main reason can be that there are not internationally recognized sports people in Taiwan, except for martial arts but Nike is not involved in these activities. In summary, Nike's web page tries to be as global as possible but takes into account the big cultural differences between the markets.

Basketball

When we talk about the relationship between Nike and Basketball, who does people think about? Of course, it is Michael Jordan. This incredible basketball player, better known as Air Jordan has been Nike's image since the early 1990's. In fact, when Jordan began to show up as the most talented player in the basketball courts, Phil Knight saw a big marketing strategy possibility. Jordan was at American children eyes an example to follow. He was a very competitive player that enjoyed the game and a very well educated hansom man outside the courts. This was Michael Jordan's image in the USA but during those first years of partnership with Nike the NBA was not enough popular in Europe and Asia in order to open a new market. However, in the 1992 Olympic Games in Barcelona (Spain), the US basketball team with Jordan's leadership obtained the gold medal with a very spectacular game. The "Dream Team" as they were called begun to be the idols of all the basketball fans around the world. Nike used this event to export the image of Michael Jordan around the globe and young basketball fans begun purchasing Jordan's sneakers. Nike Air Jordan shoe's sales grew amazingly, and in Spain for example almost one out of two young basketball players had one pair of their idol's shoes. Nike's global marketing strategy for basketball apparels was based on Michael Jordan and when he decided to leave the game for the first time the company faced a big problem. However, the brand loyalty that the consumers show at this time made the company fears decrease. Moreover Jordan came back to the game with such power that he helped the Chicago Bulls win another title. The problem was then to know how long was he going to play. In order to prepare was consider Jordan's true retirement, Nike chose to diversify its strategies. First, with Michael's help, Nike created in 1997 the Jordan Brand. Second, the company became involved in some national championships in Europe. In fact, Nike is sponsoring some of the best European teams, like Barcelona (Spain), Kinder (Italy), Pau-Orthez (France), and is also the official sponsor of the balls that are used in the Spanish Basketball Championship (ACB). However this has been a very successful strategy for the company, today's success of Nike's basketball division remains on the effects of Michael Jordan's new return to the NBA. In fact, Brand Jordan's sales were still growing while he was out of the game, and with this year's

return, Nike can only be very positive about their sales. In summary, Nike's basketball division's economic results are and will remain very closely related to Michael Jordan even if the diversification of their marketing strategies will help and more knowing that Jordan will not last forever.

Soccer

In order to reach as many potential customers as possible, Nike's advertising soccer division has segmented their market in two groups: the United States and the rest of the world. The main advertising campaign in the US has focused on the image of Mia Hamm, the best woman soccer player ever. In fact, in this country, soccer is more popular for women than for men because the US women soccer team is the current world and Olympic champion, and because it is a sport imported from Europe. In the USA the most popular sports are practiced by men and use to be made in USA. This totally differs from the rest of the world's vision of soccer. In fact, "football" as it is called in the rest of the world is the dominant sport activity in Europe, Latin America and in some African countries (Nigeria, Cameroon...) and its influence is growing very fast in Asia (mainly Japan). That is why Nike has made global advertising campaigns for these regions. In the last decade two main campaigns have been very successful. In the first was involved all the players of the Brazilian national team who were 1994's world champions. This advertisement was on those four continents televisions and became very successful. In fact, Nike made a very creative advertisement showing the Brazilian players practicing in an airport because their flight was cancelled. Nike wanted to show their customers that soccer could be played and enjoyed in every place. The success of the advertisement came from the popularity that the Brazilian players had around the world due to their technical skills and the fact that they when they play they seem to be enjoying at anytime. In the second advertising campaign, Nike again focused on the same target market but changing the characters. In fact, in order to make the people of every country of Latin America, Europe, Asia and Africa more interested on the spot, Nike's production looked like an action movie. In fact, all those regions of the world were represented by their best soccer players or at list the most internationally known, like Tanaka from Japan, Figo from Portugal, Roberto Carlos from Brazil, Claudio Lopez from Argentina, Totti from Italy, Guardiola from Spain, Davids from the Netherlands. In fact this were the main characters of the advertisement and also most of the best soccer players in the world, but more players appeared. This time, even if Nike used again a standardized strategy like in the first ad, they also localized the ad by using local "heroes".

With the three examples explained above, we have seen three different advertising strategies used by Nike's soccer division. The first one, a fully localized campaign with Mia Hamm. The second, a standardized campaign with the Brazilian national soccer team. The third being a mix of both: a standard ad for all the countries and local soccer players.

Tennis

Nike has a huge presence in the tennis industry. The company produces all kinds of tennis apparel from cloths to rackets, even if the rackets are almost unknown. Since the late 1980's with Andre Agassi, Nike's strategy has been sponsoring the best players in the world. In the case of Agassi, Nike decided to sponsor him because of his rebel image.

In the tennis court, he was a real showman. He could appear with such bright colours that he was rejected once from Wimbledon. The next year he went to the tournament wearing immaculate white clothes and he won the tournament. He had a wild personality like John McEnroe. In fact, Nike sponsored both players. Nike's ads were the same around the world. They showed pictures of those two geniuses. However, when Pete Sampras appeared in the ATP tour, Nike saw in him a future number one player, and the company decided to sponsor him. At this point, Nike had to deal with the image of the rebel (Agassi) and a more classic player (Sampras). In fact, the company began to produce two different types of tennis clothes. By doing so, the firm was able to attract all kinds of customers: both young and not so young tennis players. At the same time, Nike decided to put both players in the same ads. They were shown as friends but also as adversaries. As they were one of the best players in the world (many times number one and two in the ATP), Nike was able to show the same spots all over the world (more precisely in North and South America and Europe, where tennis is more popular). This global strategy made everything easier for the company and also for the consumers, because they all knew whom the two tennis players were. There were two main spots that were very similar. One was recorded in Piccadilly Circus (London) and the other one in Manhattan. This advertising campaign was very successful in part because it is known that Wimbledon (London) is the "cathedral" of tennis and because New York is the most cosmopolite city in the world where another major tennis tournament (US Open) takes place. More recently, Nike has followed a more local strategy. In fact, they have been trying to sponsor all the national champions of many countries at any age. That is why in USA, Australia, Spain and many other countries the new professional players that appear wear Nike clothes. This has made a lot of young people around the world get more familiarized with the brand. In summary, Nike's strategies might have changed but what the company has always try to do, is capture the best players in the world. In fact, they think that if they want to be considered the best sports clothes-manufacturing brand they need to have the best players working for them.

Competition

Nike faces a lot of competition both in the United States and in the world. In fact, there are many big competitors in the athletic footwear and apparel industry, like Reebok and Adidas. However, Nike is the number one in sales, the rapid change in technology and in consumer preferences makes the competition harder. The marketing strategies that those three competitors use are very similar. They all try to attract the best professionals to profit from their image and they also try to sponsor the most important events that happen throughout the year: NBA, Super Bowl, Tour de France, Olympic Games, Roland Garros, Wimbledon, World Cup of Soccer... From this list, the only event that Nike sponsors officially is the Tour de France. However, the company has been able to keep peoples attention by using very clever advertising strategies. For example, during Atlanta's Olympics, even if Reebok was the official sponsor, Nike was more noticed than its competitor because they had put billboards on one building that Nike built especially near the Olympic park, and they also sponsored many of the national teams that had medal possibilities. Another important example that shows how strong is competition is looking at the contracts for sponsoring that these companies offer to professionals. The companies are today spending millions of dollars in order to keep the top sportsmen in

their side. Cases like Tiger Woods and Michael Jordan with Nike, and Kobe Bryant with Adidas. There are many other examples but the ones above already show the importance of the competition in this industry.

Nike's image

Nike's image around the world is recently facing many problems. Even if Nike products' consumers do not seem to be concerned about some critical issues concerning the company, there are many critical opinions against the company. First, and the most important issue: the use of "sweatshops" in Asia. Nike has been criticised in the last decade for the poor working conditions in their Asian factories. Nike seems to have worked hard to solve this problem but the problem of the wages is still there. The latest critics received by the company have come from Canada where Nike has decided to close one of the recently purchased Bauer factories. However these critics are usual whenever any company decides to shut down and consequently fire the workers. In summary, for a company like Nike, the image is very important and that is where good marketing campaigns appear to be crucial. For the moment, Nike has always been one of the most innovative companies in the sports footwear and apparel industry mostly because they have been able to maintain growing sales by mixing their international marketing strategies. Sometimes they have followed global marketing campaigns, with Michael Jordan for example, and sometimes they have been focusing in more local marketing, with the use of local "heroes".

In conclusion, Nike sells consumer based products and as such a company most of the expenses are marketing expenses. In order to maintain their leadership Nike will have to keep basing their success on innovation of products and of marketing activities.

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