

The brand analysis of Nike based on its emotional branding and marketing strategies

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Abstract. Nowadays, Nike has become one of the most socially-conscious brands around the world because of its effective branding and marketing strategies. Therefore, it is worthwhile to understand the brand development of Nike and explore how Nike's branding and marketing strategies put it into a favorable position in the competitive market. This paper was committed to a brand analysis of Nike taking its main product—shoes as the example. The brand value proposition of Nike is to provide accessible, fashionable, innovative, and high-performance shoes for its customers in every sport. Customer-focused emotional branding and marketing have made Nike establish a strong emotional resonance for its audience and thereby developed a prominent brand cognitive. Additionally, although traditional marketing channels have still played an important role in brand publicity, digital marketing has functioned as a booster to help Nike develop new markets and enhance customer loyalty to the brand. Nevertheless, in order to obtain greater success in the high-performance athletic-product market, Nike needs to overcome huge internal and external challenges, such as inadequate product competitiveness, the impact of Covid-19 pandemic, and global economic uncertainty. In this paper, some practical suggestions were provided for the management to improve product competitiveness and strengthen the two-way interaction between the brand and its customers.

Keywords: Brand analysis; brand landscape; brand value proposition; emotional branding and marketing.

1. Introduction

Nike is a sport's brand founded by Bill Bowerman and Phil Knight in the year 1964 and the company is headquartered in Beaverton, Oregon, USA. The company specializes in athletic wear, including sports shoes, apparel, athletic equipment, and other sport-related products. Nike has actively expanded global market share since the 1970s. Nowadays, it has become a leader in the high-performance athletic-product market. Nike's vision is to bring inspiration and innovation to every athlete in the world, and its mission is to provide every Nike user with an opportunity to express themselves and expand their potential.

Brand effect and brand value are two vital drivers of brand development that Nike attaches importance to. Through effective emotional branding and marketing, Nike has gradually served as a cultural symbol in the public mind which represents sportsmanship and human self-transcendence (Li, 2020). Hence, it is apparent that Nike's success lies in bringing the brand and its consumers together and stimulating a strong emotional resonance between them.

In fiscal 2021, revenues for Nike amounted to \$44.5 billion which increased by 19 percent, and the net income grew to \$5.7 billion from \$2.5 billion of 2020 (NIKE, Inc, 2021). The strong results indicate Nike's prominent competitive advantage and deep connection with worldwide consumers. Meanwhile, the branch brands and products have been rapidly developing and constantly exploring new fields and markets. Therefore, it is worthwhile to understand the brand development of Nike and investigate how Nike's branding and marketing strategies put it into a favorable position in the competitive market, which can provide some implications for other brands and marketers in different industries.

2. SWOT analysis of Nike's landscape

Nike is one of the largest sellers of athletic footwear and athletic apparel in the world. The company has more than 1000 stores in over 120 countries worldwide to sell its diverse footwear and sportswear products for athletes and non-athletes.

Although there are many potential opportunities for Nike to obtain greater success, the company has faced huge challenges in the stiff market competition. In order to deal with these situations, Nike has made great efforts to update products, innovate development strategies, and then maintain its favorable position in the competitive market. Hence, SWOT tool is utilized to assess Nike's landscape.

2.1 Strength

2.1.1 High-performance shoes to meet customers' needs

Nike is always on the way to enhance the performance of its shoes by adopting the best available materials and latest technologies in order to satisfy customers' needs (See Table 1). Additionally, Nike's products are fashionable and accessible to everyone.

Table 1. Customers' needs for athletic shoes

Basic needs	Expected needs	Augmented needs
Wear shoes for walk	Various categories of shoes for different sports	Customization (Nike By You)
Different sizes and colors	Fashionable design	Smart shoes with self-lacing technology
	High-quality→Durability	Valuable for collection (limited edition)
	Comfort→Breathing shoes	Environmental-friendly and recyclable materials

2.1.2 Prominent brand cognitive and awareness

There is no doubt that Nike has been one of the most recognizable brands in the world, its swoosh symbol being easily recognized by everyone. On the one hand, high-quality products have provides a solid foundation for its success. On the other hand, a strong and effective marketing strategy is another indispensable factor which can lead to its success.

2.1.3 Superior marketing capabilities

The success of Nike can not be separated from its efforts made to advertise and market itself to the world. The company has establish a close relationship with consumers intellectually and emotionally to encourage them to trust the brand (Eyada, 2020). Moreover, Nike try to use social media and special marketing campaigns to reach new audience and interact with them more directly.

2.2 Weakness

2.2.1 Hard to gain the trust from specific groups

Compared with other brands (e.g. Asics), Nike is hard to satisfy the needs of some specific groups, such as marathon runners who like long-distance running. These groups have a higher standard on the performance of running shoes, and thus they are inclined to choose Asics instead of Nike since Asics specializes in running shoes.

2.2.2 Dependency on American market

Nike depends on the USA for substantial sales and revenues. According to NIKE, Inc. Reports Fiscal 2021 Fourth Quarter and Full Year Results, the company's main earnings come from the market of North America (\$5,089 millions), much more than the earnings from Greater China, Europe, Middle East & Africa, and Asia Pacific & Latin America (NIKE, Inc., 2021).

2.3 Opportunity

2.3.1 Emerging Markets

Although having a large dependency on American market, Nike is still committed to expanding its markets all over the world, such as India, China, and Brazil, because these markets are gradually flourishing, and many potential opportunities for Nike to boost its sales in these countries still exist.

2.3.2 Less ties with big retailers

Nike has cut ties with wholesale retailers, including Zapoo's, Dillard's, Fred Meyer, and Boscov's, which can closely align with consumers' wants and needs by interacting with the public more directly. This is conducive to establishing a deeper trust and loyalty of customers to the brand. Additionally, less ties with agents in global market can effectively purify Nike's sales channels and combat counterfeit and shoddy goods.

2.4 Threat

2.4.1 Increasing competitive pressure

In contemporary era, the market competition in athletic footwear and apparel industry has become more fierce because an increasing number of athletic-product companies (e.g. adidas, Vans, Skechers, Reebok, Asics, and Puma) have engaged in the competition and tried to develop diversified product lines.

2.4.2 The impact of Covid-19 pandemic and economic uncertainty

For one thing, on-going Covid-19 pandemic has greatly exacerbated global economic uncertainty and made many companies expose their underlying problems, such as the concentrated distribution of factories that can be easily affected by public crisis and natural hazards (Liu, 2021). For another, Covid-19 pandemic has exerted a negative impact on people's desire to increase consumption because of less disposable income. Besides, the downward pressure on the economy of many nations would affect customers' purchase decision and buying behaviors.

3. Consumer target

Admittedly, Nike's primary target audience is athletes and the company has preferentially considered serving athletes as one of its key goals for innovation. For example, in the Tokyo Olympics, many professional athletes, especially runners, chose to wear Nike's 'super shoes' with an updated cushion to help them run faster. However, in recent years, the company has paid more attention to non-athlete market and supply many fashionable and high-quality shoes for these people.

By considering the influence of demographic factors on audience's purchase intention, Nike provide products for consumers from all genders, ages, professions, and countries. The company caters to both men and women equally and has been committed to building a long-term brand loyalty among younger customers (Reis et al., 2016). Besides, Nike uses geographic segmentation to market its products for different nations, regions and cities in distinct ways. For instance, Nike usually combine its products with mainstream sports of a target market in order to attract more local consumers.

Given the impact of psychographic factors, such as lifestyles and personalities, Nike targets individuals who enjoy sports and pursue high performance when doing sports, not only the athlete but also non-athlete, such as gym regulars, football players, skateboarder, etc. In contemporary era, more and more people want to develop an athletic lifestyle instead of a sedentary lifestyle since they attach more importance to their own health. Therefore, a pair of high-performance sports shoes can light people's passion and satisfy their athletic fantasy to motivate them to participate in sports. As a matter of fact, Nike's value proposition is consistent with the positive attitude towards life—"to pursue high performance", which can resonate with people easily.

4. Brand value proposition

Nike's brand value proposition is to provide fashionable, innovative and high-performance shoes for customers in every sport to meet their changing demands. Meanwhile, the products are not only worn by professional athletes but accessible to anyone. There are four main segments of Nike's value proposition, namely accessibility, customization, innovation, and brand.

4.1 Accessibility

Nike has been devoted to creating superior shoes and apparels for supreme athletes and at the same time supplying high-performance shoes for average people. Nike's official stores and outlets have spread out to different countries and regions globally to sell its products. With the development of e-commerce, the distribution channel has been expanded. Customers can realize cross-border purchases in daily life.

4.2 Customization

On the online platform, Nike By You, customers are able to enjoy customized service offered by Nike to participating in designing their own shoes. Moreover, Nike has established many physical studios in countries, such as the UAS, the UK, China, Italy and so forth. Providing opportunities for customers to participate in customization is a crucial way to strengthen the two-way interaction between the brand and its audience.

4.3 Innovation

Nike's value proposition attaches importance to exploring innovation from various aspects to design cutting-edge products, such as Nike Adapt BB, a basketball shoes with a self-lacing technology and tracking capability. Undeniably, outstanding innovation capability is a key factor for an enterprise not to be eliminated by the market

4.4 Brand

Compared with the counterpart of other brands, Nike's shoes have a more prominent collection value. On the one hand, supreme athletes' endorsement can endow Nike's shoes with a strong spiritual core. For instance, Air Jordan series has been popular because customers have established a connection between the shoes with Michael Jordan's legendary career and life experiences (Wei, 2020). On the other hand, Nike uses co-branding to increase the added value of its products. For example, Air Dior capsule collection, launched in June 2020 for Dior customers, restricted to just 13,000 pairs, including 5,000 allocated to loyal Dior customers.

5. Marketing and advertising strategies

5.1 The endorsement of successful athletes

The primary characteristic of Nike's advertising and marketing is that the company persists in inviting prominent and influential athletes, teams, and sports leagues to endorse its brand and to use its products in athletic contests. Consequently, a strong brand identity and loyalty can be built among target audience.

5.2 Customer-focused marketing strategies

The focus of Nike's marketing strategies has experienced a dramatic change over the past two decades. Initially, Nike paid attention to marketing products' quality and design since its shoes had a higher performance than competitors' at that time. Nonetheless, the company has gradually attached importance to a more customer-focused marketing approach to narrate brand's stories.

Undoubtedly, effective and ingenious marketing strategies are the key to a business's success. Nike has made numerous efforts to establish a strong emotional relationship with consumers through

advertisements and other methods since the company believes that everything is consumer-oriented and customers' needs lead technical innovation. Therefore, an emotional bridge can be built between Nike and the public, and the brand are better-equipped to consist with customers' specific goals, needs, dreams, and lifestyles (Mustamil et al., 2014). For instance, Nike Goddess, a strategic initiative launched by Nike, aims to do business with women and attract a broader female market. The company has fully taken women's needs and consumption habits into consideration in order to satisfy their desire for an active lifestyle.

5.3 Traditional and digital marketing

Another change is that in recent years Nike has reduced the dependence on traditional marketing (e.g. telemarketing, broadcast, billboards, and magazines) and invested more in digital marketing which can be more entertaining and interactive. Both traditional and digital marketing strategies are employed by the company to reach the target audience and promote its value proposition.

In terms of traditional marketing, billboard advertisements have been considered as an important means to show the brand image and catch customers' attentions. Customers can notice numerous billboard advertisements of Nike in supermarkets, subways, stations, and LED screens, which can greatly improve Nike's brand awareness. Besides, TV advertisements have played a significant role in promoting brand value proposition. Nike invites many famous athletes and stars to endorse the brand and utilizes celebrity charm to market its products. Meanwhile, Nike has taken advantage of big sports events, such as Olympics and European Cup, to enhance the visibility of the brand and its products.

As for digital marketing, social media, such as Instagram, Twitter, and Youtube, have become important platforms for Nike to communicate and interact with its audience online, thereby increasing its customers' emotional connection with the brand and stimulating their purchase intention (Sheth & Kim, 2017). Generally, compared with its competitors, Nike has a higher engagement level of audience and a bigger amount of followers and subscribers. Moreover, Nike has established its own website where customers can get a lot of information concerning the company and its products. Through official website, Nike also provides customized service for its consumers to allow them to participate in the design of their own shoes. For example, Nike initiated BetterForIt Campaign on social media in 2015 to encourage women to share their fitness and health experiences. Hence, a feeling of competition and motivation can be formed in online community, giving other people an inspiration to change their lifestyle.

6. Conclusion and discussion

Depending on the customer-focused brand value proposition and novel marketing strategies, Nike has become one of the most socially-conscious brands around the world in contemporary era. The brand value proposition of Nike is to provide accessible, innovative, fashionable, and high-performance shoes for its customers in every sport. Effective emotional branding has made Nike build a strong emotional resonance for its audience and form a prominent brand cognitive. Professional athletes and young people are Nike's primary audience.

Compared with other sports brands, Nike possesses superior marketing capabilities. Inviting influential celebrities to endorse the brand and creating distinctive brand stories for different segment markets are two important marketing strategies Nike used to develop new markets and build brand awareness. In recent years, Nike has been committed to digital marketing and taken advantage of social media to establish various virtual communities and then strengthen the emotional interaction with its customers anytime and anywhere, which has played a significant part in increasing customer loyalty to the brand (Joshi & Nema, 2015). Nevertheless, Nike has faced enormous challenges in improving the market competitiveness of its products and stimulating the purchase intention of different customer groups, especially under the impact of on-going Covid-19 pandemic. Consequently, some recommendations are propounded to deal with these challenges.

Hardly can it be ignored that investing in technology strategically is the key to maintaining Nike's industry-leading position because the company can gain a substantial advantage in athletic footwear and apparel industry. There is no doubt that the earlier Nike adopts cutting-edge technology, the more likely it is to seize market opportunities. Thus, Nike should keep pace with the fast-changing market dynamics caused by technological development. Meanwhile, the company needs to stimulate its endogeneity of innovation by changing organizational culture and accelerating its digital transformation.

More importantly, Nike is an excellent storyteller since the company is good at creating distinctive brand stories and advertisements. In general, Nike connects with its followers all over the world by creating various sports stories which can establish an emotional bond between the brand and its customers (Nakhil, 2019). This is the reason why Nike has sponsored many well-known athletes, such as Cristiano Ronaldo, to narrate brand's stories. In the context of Covid-19 pandemic, Nike can integrate more anti-pandemic stories into advertisements to show its corporate social responsibility and build a trustworthy brand image. Additionally, millennial consumers has become Nike's main target audience with diverse tastes and demands. Therefore, it is necessary for Nike to understand their needs and create more appealing stories based on their consumption characteristics in order to stimulate their purchase intention.

Furthermore, Nike can apply precision marketing to its customers by creating a customer profile which can help the company convey its value proposition to target audience in a more effective way. In fact, precision marketing is conducive to enhancing brand differentiation and providing better experience for customers (Zhu & Gao, 2019). However, in athletic footwear and apparel industry, it is hard for companies to use precision marketing for every segment market because one product is impossible to meet all customers' demands, or huge development and production burdens will be put on the company. Hence, it is more appropriate for sports brands to apply precision marketing to some particular groups with similar portraits.

In order to offer the best experience for more customers, Nike can make great efforts to develop differentiated services to attract different market segments and thereby increase company's profits.

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