

JUST DO IT

An investigation on Nike's branding and its effect on the customer journey

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What do LeBron James, a 14-year old Swanley resident and professional Cameroonian footballer have in common?



Figure 1: LeBron James playing in the Nike Ambassador XIII

This reports aims to dissect Nike Inc's world-renown branding model, evaluating its successful e-business migration via two business lenses: the brand equity model and; the customer decision journey. After their definitions, their amalgamation will showcase their synergy – and Nike's relationship with the wider world.

2.0 INTRODUCTION

To contextualise this report: according to DataReportal's global report, the internet is explored by 64.4% of the world's population (Kemp, 2023). The current marketing environment has thus seen a paradigm-shift from one-way to two-way, customer-centric communication (Seamedu, 2023):

in recent times, [...] social media, and digital marketing have taken the forefront in marketing communication efforts

The World Wide Web, Internet of Things and social networking have allowed unprecedented customer autonomy in the consumer industry – of which Nike capitalises upon (Huang, 2023b). Thence, Nike's business strategy is thus: sports sponsorship and ambassadorship – to increase their reputability and image (Willigan, 2014).



Figure 2: Serena Williams and Michael Johnson competing in Nike-branded attire

In addition to context, psychology-based definitions must be defined (Keller, 1993):

- Brand identities describe any *name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller*
- The brand is the amalgam of such recognisable identities
- Memory is simply the brain's information storage
- Recognition is the mental exposure to a stimuli and ability to discern it
- Recall is the ability to utilise memory to retrieve stored information

Finally, Nike's business model can be scrutinised based on its market position:

Strengths:	Weaknesses:
<ul style="list-style-type: none"> ▪ Brilliant brand building ▪ Outsourced production ▪ Global outreach ▪ Unique in its approach 	<ul style="list-style-type: none"> ▪ Dependent on footwear market ▪ Scandals around forced labour ▪ Sells primarily through retailers ▪ Recently seen as luxury-brand
Opportunities:	Threats:
<ul style="list-style-type: none"> ▪ Emerging markets: China and India ▪ Product diversification ▪ Athleisure trend 	<ul style="list-style-type: none"> ▪ Dependent on global supply chain ▪ Image damage due to exploitative pricing ▪ Economic crisis ▪ Over-diversification without strategy

Table 1: SWOT analysis of the Nike brand

The employed models are the brand equity model and the customer decision journey.

The **brand equity model** evaluates the perceived value of a specific brand via collective memory (Huang, 2023b). Equity denotes its ability to be positive or negative, with the latter facilitating slow growth, loss of revenue and financial turmoil.

Brand equity has differing interpretations, so this report will proceed with Keller's (Keller, 1993). Aaker provides a comprehensive definition of brand equity, with some concepts mirroring Keller's. Aaker's interpretation defines brand identities as (Aaker, 1991):

A set of brand assets and liabilities linked to a brand, its name and symbol that add or subtract from the value provided to a firm and/or to that firm's customer

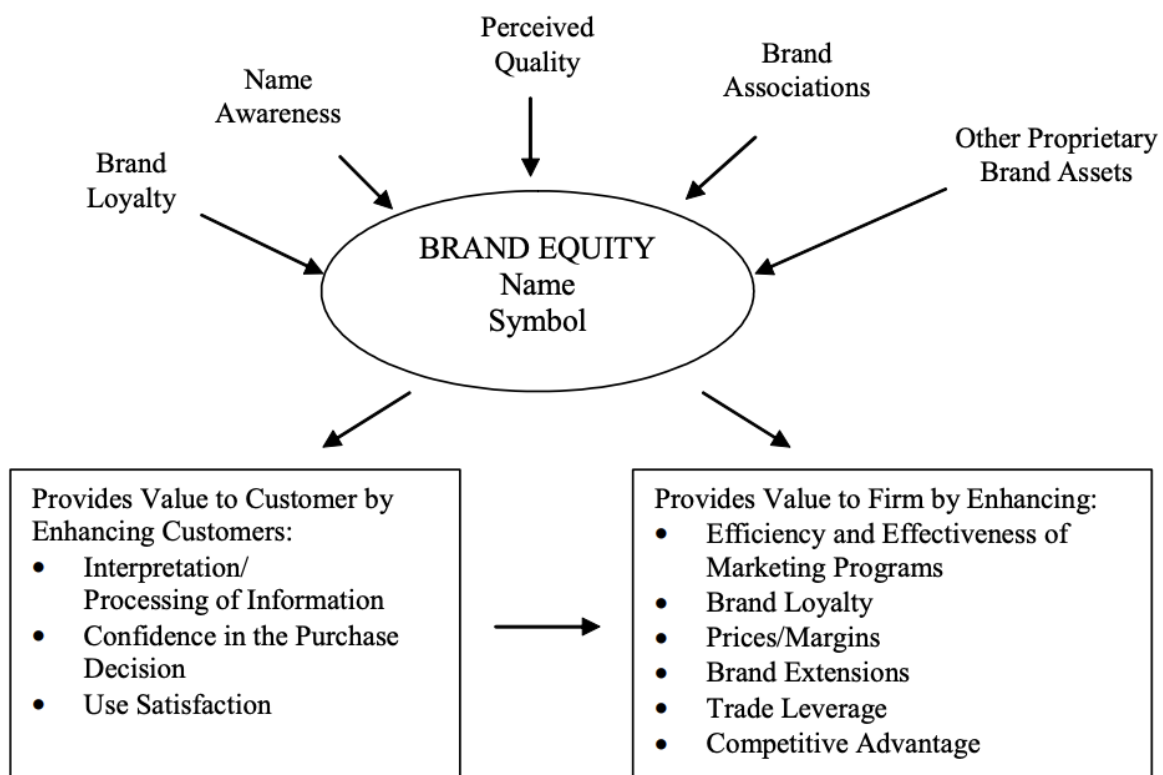


Figure 3: Aaker's brand equity model (Source: Aaker, 1991)

Proceeding with Keller's model: brand awareness comprises both brand recognition and recall. Alongside this, brand associations are powerful identifiers that can impact one's opinion. They comprise:

- Benefits, which can be: experiential – "what it's like to use"; functional – "how do they serve their purpose" or; symbolic – "what social gain is provided"
- Attitudes, which are salient beliefs about the brand in addition to critical evaluations of such

Brand association also includes attributes: physical features and uses of the product – split between: product attributes, the physical makeup of the brand's items and; non-product attributes, such as packaging and pricing.

Finally, secondary associations can be crafted by knowledge of a brand's ownership, or via one's experience seeing brand ambassadors utilising product.

Majahan dictates numerous benefits of brand equity emphasis (Majahan et al., 1994):

- *Enhanced performance [and] market efficiency*
- *Longevity*
- *Extensibility*

While this is the case, critical thinking can elucidate the model's pitfalls. Today's age of information has created an abstraction between consumers and brands, increasing the difficulty in crafting customer connections (Garg, 2021; Llopis, 2014). In addition, brand equity is unsustainable without dedicated company teams, requiring resource allocation (i.e. Nike's marketing department) (Willigan, 2014). Positive brand equity generation is an endeavour, especially due to the consumer attention-span shift (Llopis, 2014):

Consumers are no longer brand loyal. They may be loyal to the engagement experience that a particular brand offers

Thus, brand equity is costly, but beneficial.

Its final critique is simply, its classification as a “model”: brand equity has numerous definitions and is not a unified marketing science; it is instead a methodology, employed to improve customer-relationship management (Feldwick, 1996).

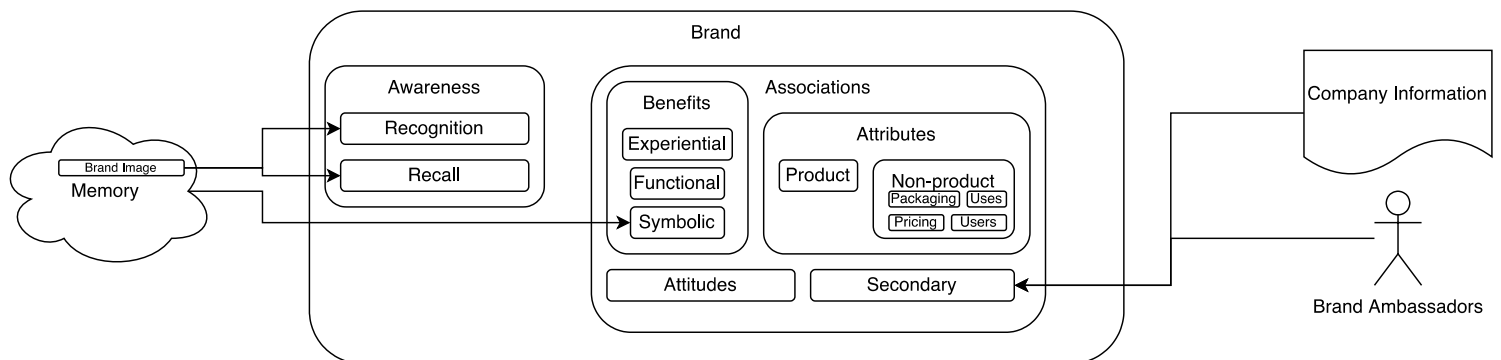


Figure 4: Brand Equity model – based on Keller’s definition (Source: Keller, 1993)

The model can correctly identify weaknesses within a brand’s marketing strategy, but does not independently scrutinise the customer’s mental process during purchase (Huang, 2023b). Hence: McKinsey’s **customer decision journey**, is introduced (Elzinga et al., 2009).

The customer decision journey updates and abstracts the “traditional” funnel model for decision-making; elucidating a cyclical customer process - by which customers re-engage with brands when deciding which to purchase from (Elzinga et al., 2009).

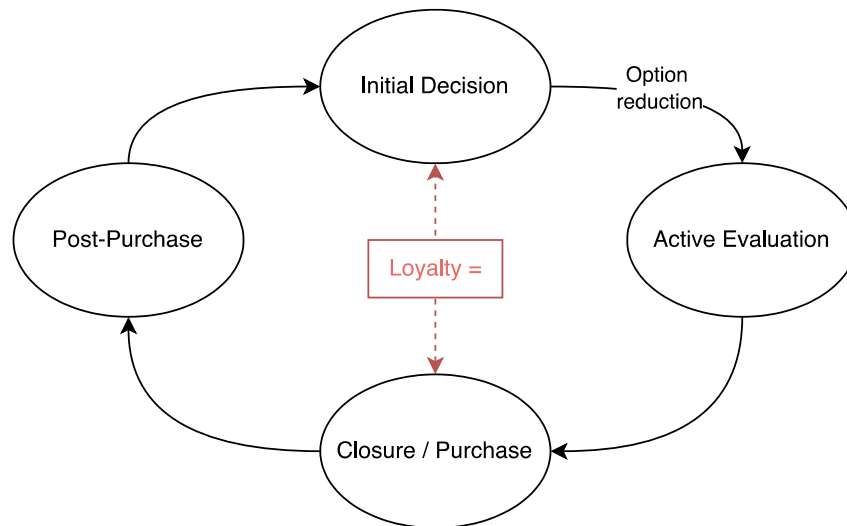


Figure 5: The customer decision journey (Source: Elzinga et al., 2009)

The benefits of this model are: its ability to map the factors that affect a customer's brand decision and; where companies can adjust for their own gain. It must be identified that this model is concerned with the **customer decision** – not with company-side moves, yet they are not mutually exclusive. The process seemingly begins once the customer desires a certain item – which, in modernity, could be spurred by necessity, or encouraged by media successfully instilling a perceived benefit of product ownership (Huang, 2023b; Llopis, 2014).

Henceforth – the brand equity model views features that alter public perception of brand value; whilst the customer decision journey focuses on consumer's buying habits, and how such aforementioned perceptions can inform their purchasing decisions.

Note: the 7 Cs – Context, Content, Community, Customisation, Communication, Connection and Commerce (Oliver, no date): can be directly connected to success within the customer's active evaluation stage.

Consequently, a full marketing evaluation model is discerned:

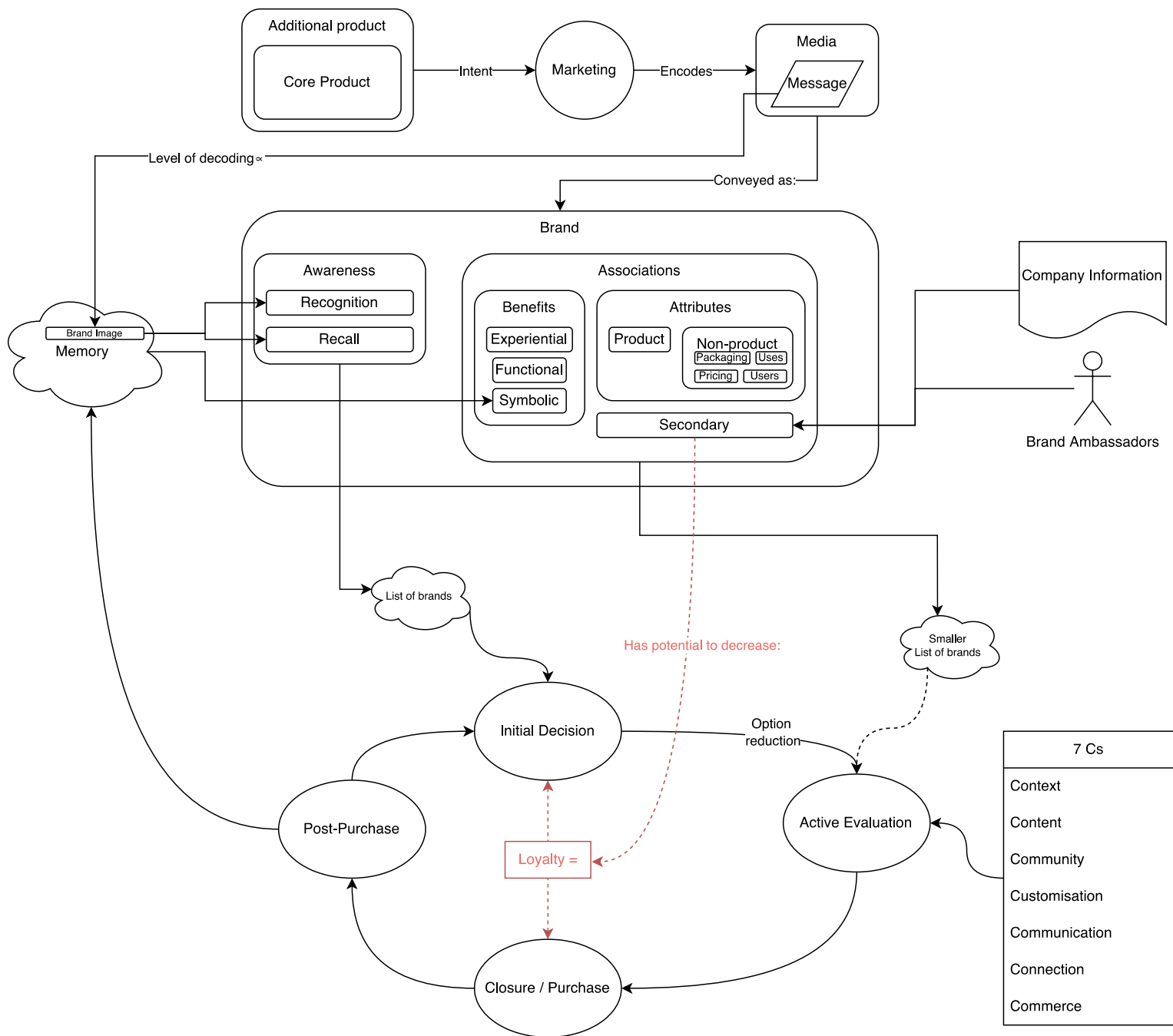


Figure 6: The customer decision process based on perceived brand equity

Of note is the marketing team's responsibility for message encoding, via media, for public consumption, in case message misinterpretation harms the brand.

Nike currently holds a 38% market share in the athletic clothing industry (Investing.com, 2023).

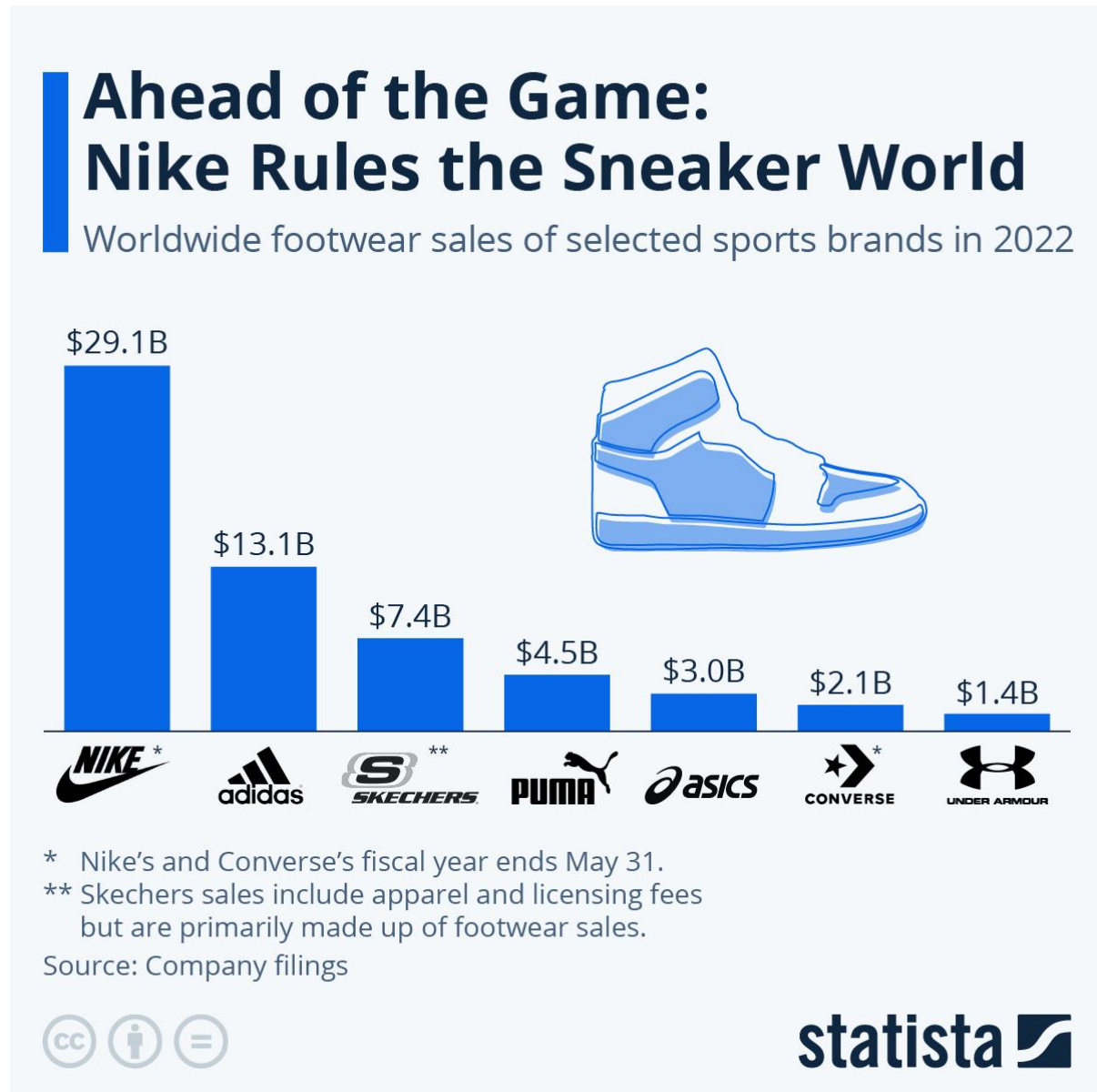


Figure 7: Financial information of the World's largest sneaker brands (Source: statista, 2023)

As mentioned before, Nike's strategy consists of excellent sports ambassadorship alongside well-planned sub-branding to accelerate brand recognition. For instance: the NFL's super bowl, boasted 113m viewers in 2023 (Johnson, 2023). Nike endorses (and designs) the NFL's kits, increasing recognition (Liberto, 2020). Nike's market message encoding is known for its simplicity and directness: Nike aims to relate every viewer to a world-renown

athlete, through emotional advertising (Wu, 2022). Within the brand equity model and during the initial decision stage: Nike has already outclassed its competition, placing identifiable figures at the forefront of their marketing campaigns, and allowing passive advertisement through viewers watching athletes perform (Abad-Santos, 2018; Vinlove, 2022).



Figure 8: Colin Kaepernick's advertising campaign for Nike (Source: Abad-Santos, 2018)



Figure 9: Custom Nike-Jordan brand 'cleats' worn by an NFL player (Source: Vinlove, 2022)

These methods mirror automotive product-placement within cinema, and are seemingly as effective (Lewin, 2022). In accordance with the consumer-led revolution: viewing athletes perform in Nike gear strengthens one's brand recall, while building trustworthiness that translates into both functional and symbolic benefit (Keller, 1993). A thought can illustrate this:

"If Michael Jordan won Defensive Player of the Year and an NBA Championship in Nike-crafted footwear: I can win my college basketball game in Nike too."



Figure 10: Michael Jordan in his namesake Nike-craft shoe

Whilst a fictitious statement, it elucidates the perceived gain that a Nike product purchase could make. While these athlete stories attract an audience to Nike's brand, they can also deter leisure consumers (Willigan, 2014). It is evident, that athleisure clothing holds its fair share of issues (TechnoGym, no date). Nike is not excluded from this: their pursuit of a reasonable balance of athletic and apparel footwear warrants scepticism from extreme fashion consumers and elite-echelon athletes (TICMall, 2022). Nike does mitigate this through specification within sub-branding; however, Nike's own popularity creates issues: evidenced by the Jordan sub-brand.

Jordan's, designed for Jordan's on-court performance, were marketed as the ultimate basketball footwear, yet, their popularity has since mythologised them in fashion (Wilbekin, 2023). This creates difficulty designing future products, which must now balance comfort with performance (Levine, 2022).

To exemplify this: a consumer – fictitiously named Rose – wishes to purchase basketball shoes for an upcoming game. While she has recalled and considered Jordan's in her initial exploration, she has read reviews on an external brand's in-game effectiveness and, coupled with her pre-conceived attitude of Jordan's being an aesthetic line: she has removed Nike from her active evaluation (Wilbekin, 2023; Levine, 2022, TICMall, 2022).

Nike's brand equity is extremely dependent on secondary association. The adoption of ambassadors and sponsorship could be deemed risk-seeking: generating high profits from athletic performance yet allowing huge cash-loss amidst scandal. Evidencing this: the Fifa scandal of 2015 led to a noticeable revenue decrease, due to Nike's ill-placed decision to "seemingly" endorse corruption (Sports Business Journal, 2015; McGreal, 2015). Furthermore, disgraced athletes can damage Nike's image of perseverance and athletic success through hard-work, such as with Lance Armstrong's doping scandal (Williams, 2012). The largest threat, however, is undoubtedly the loss of loyal customers – who usually bypass external exploration due to their familiarity with the Nike product (Elzinga et al., 2009).

Acknowledging Nike's brand strategy's pitfalls, numerous solutions exist. For the initial decision process, it is recommended that Nike refrains from sponsorship of entire sporting events. There are too many unknown factors (from Nike's intelligence's viewpoint) that could lead to reputational disaster (Sports Business Journal, 2015). Additionally, Nike should aim to further promote **proven, trustworthy, dependable** athletes that have displayed engaging stories and excellent resilience in their careers.

In coherence, Nike should either separate their product lines further, **or** provide analysis on product performance for athletic events.



Figure 11: Josh Jacobs and Jimmy Butler; two examples of athletes that have faced resilience (i.e. homelessness) on their path to sporting achievement



An aside: Nike's choice of name and logo deliberately manipulate brand awareness (Keller, 1993). *Nike*, named for the Greek goddess of victory, is both unique and semantically symbolic of their mission (Nike.com, no date). The name's uniqueness makes it recognisable amongst product assortments, whilst the swoosh logo is iconic and easy to instantly recall. This swoosh deliberately adorns Nike's product packaging, a brand attribute that is expertly leveraged for benefit (Keller, 1993). Both contribute to an exceptional global brand awareness.

Figure 12: Nike's logo changes throughout the years

Assuming positive brand equity, during the active evaluation phase, Nike's e-commerce platform applies the 7-Cs effectively to gain a competitive edge (Huang, 2023a; Oliver, no date).

Nike's website eloquently integrates both aesthetic design and ergonomics (Nielsen, 1994). The search and purchase processes are simplistic and accessible; the site avoids latency and; the structure is well-distributed with its emphasis on products (Nike.com, no date). Additionally, Nike's content holds both breadth and depth, boasting a wide product range with many personalisation options. (Tighe, 2022).

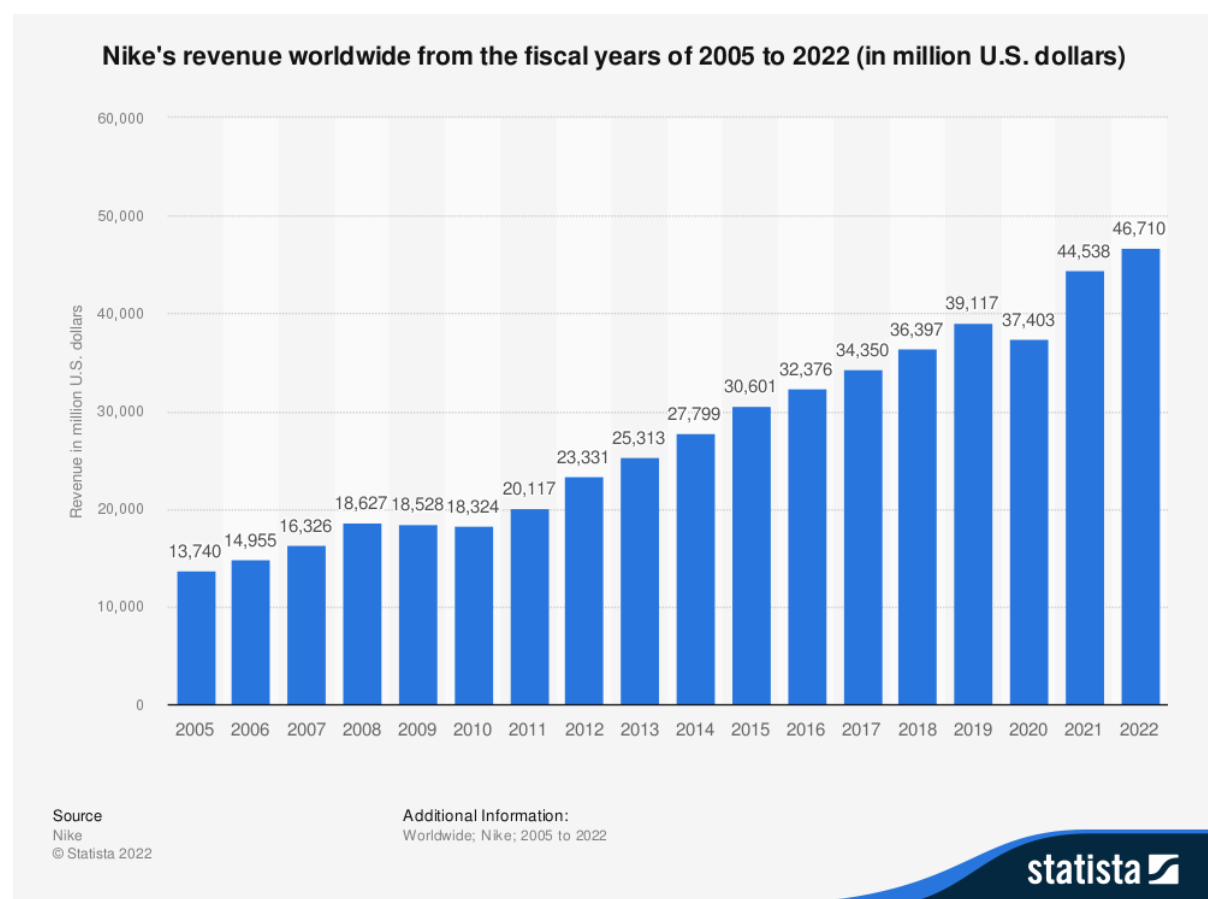


Figure 13: Nike's revenue form the broad product range (Source: Statista, 2022)

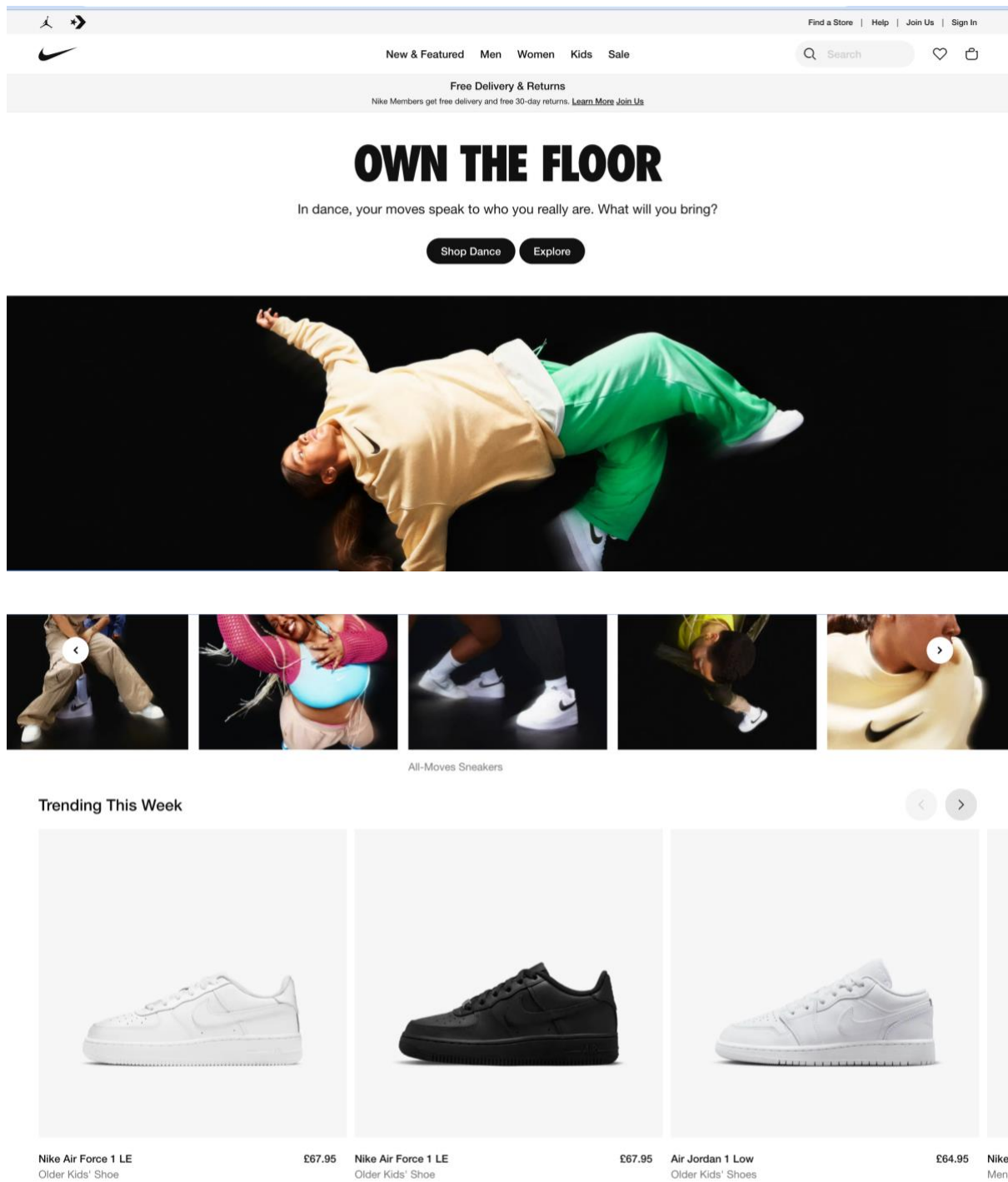


Figure 14: Nike's e-commerce platform (Source: Nike.com, no date)

Nike ensures accessible customer communication, yet their customer decision journey is afflicted by a lack of social network for Nike products. It is notoriously known that most sale of premium Nike products occurs outside of Nike's

jurisdiction, highlighting an area of opportunity by allowing the auctioning and direct peer-to-peer sale of product (StockX, no date).

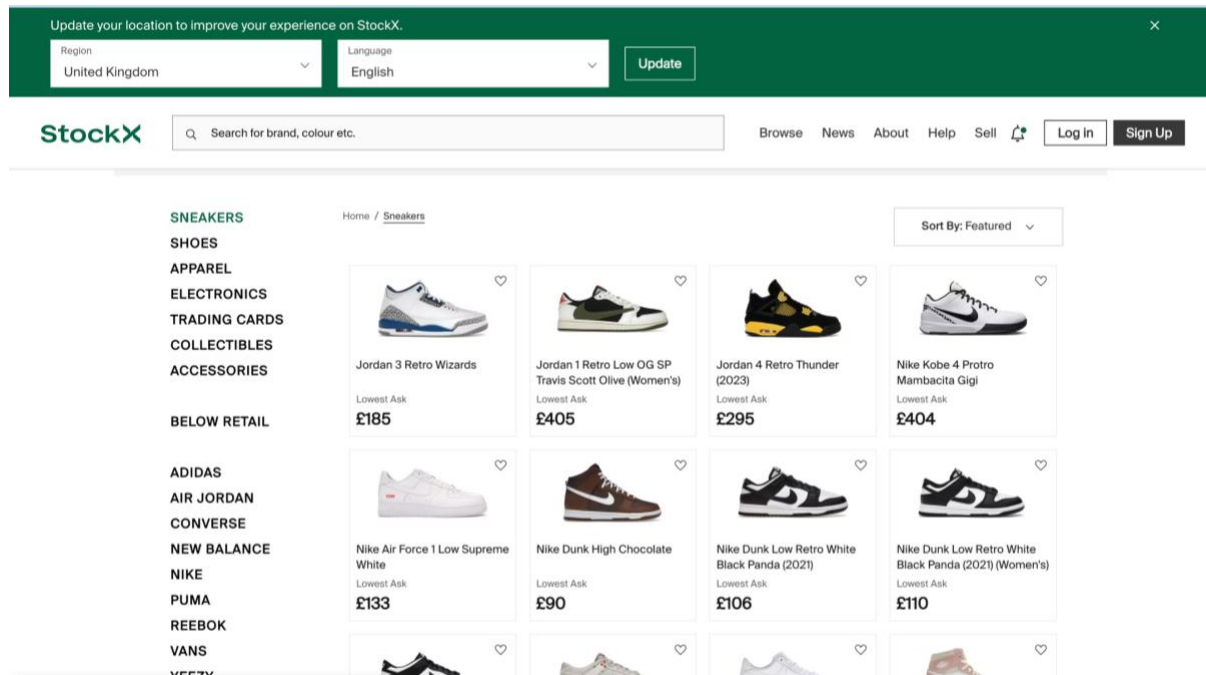


Figure 15: StockX's e-commerce platform (Source: StockX, no date)

Despite this, Nike's e-commerce platform aids in the facilitation of progression towards customer purchase.

While allowing for positive consumer experience and an increased likelihood of purchase, Nike's leisure options seem less adequate than other brands. Adidas exemplifies a differing secondary association than Nike's; utilising artists and musicians to produce distinct shoe-lines, as opposed to athletes. A recommendation is thus to recruit those within the entertainment sector, to produce new Nike lines, in addition to the already established athlete-base.



Figure 16: An assortment of Pharrell William's Adidas collaboration: Supercolour Superstars



Figure 17: Pharrell Williams (Source: thecut.com, 2023)

To improve across both the customer decision journey and Nike's brand model, emphasis must be placed on new, neglected user journeys. Nike could invest in those far removed from sport: providing purely leisure footwear or, dedicate themselves entirely to athletic-wear (Willigan, 2014). In conjunction, Nike should aim to increase ambassadorship outside of the "western world": a number of unique sports are played on the Indian sub-continent, for instance, which offers a large enough population to impact revenue (Farooqui, 2022). To illustrate this, an advertisement campaign within the sport of Kabaddi could hold huge benefit for Nike and their brand (Farooqui, 2022). Similarly, Nike, understandably, currently holds no presence in the corporate-world; an area for expansion if marketed correctly (Sidhu, 2014).

5.0 CONCLUSION

Nike's brand is instantaneously recognisable. This is through the strategic leveraging of athletes to enforce brand exposure. While this is highly effective within Nike's sphere of influence; there are numerous avenues to better brand development, even in lieu of their global dominance. Nike's largest issue is a semantic one: the encoding of Nike's media has diffused a clear interpretation of the Nike shoe: is it solely for leisure or solely for competition?

Furthermore, Nike has an opportunity to branch into new markets, and should look to capitalise on sports more obscure to the western world.

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