

CASE STUDY: NIKE'S MARKETING STRATEGY AND MARKET SEGMENTATION

Introduction

NIKE was founded in 1964 by Bill Bowerman and Phil Knight who had located their headquarters near Beaverton, Oregon. It is one of the world's largest manufacturers and suppliers of athletic shoes, sportswear and a major manufacturer of sports equipment. With its presence worldwide Nike markets its products under its own brand, as well as Nike+, Nike Golf, Nike Pro, Nike Blazers, Air Jordan, Air Force 1, Nike Dunk, Air Max, Foamposite, etc. and subsidiaries including Converse, Brand Jordan and Hurley International. With highly recognized tagline of "Just do it" and Swoosh logo, Nike has been the sponsor for large number of national and internal level.

Nike Inc.'s corporate vision is "to remain the most authentic, connected, and distinctive brand." The business continues to apply this vision statement and focus on developing its brand. The mission of Nike Inc. is to drive product innovation for athletes everywhere. Countless ideas are tested in pursuit of aiding performance, injury risk reduction, enhancing perception and feel, and delivery of innovative products to athletes. Nike Inc.'s corporate mission is "to bring inspiration and innovation to every athlete in the world." This mission statement represents the company's strategic goal of reaching out to the global leisure and sports footwear, apparel and equipment market.

Nike Explore Team Sport Research Lab is philosophically and physically at the heart of the NIKE, Inc. World Headquarters in Beaverton, Ore. The lab fuels product innovation specifically through knowledge and insight gained from a scientific understanding of athletes and athletic performance. The research encompasses fundamental questions to unlock innovation and builds on a knowledge base by tapping into insights from the world's best athletes.

Nike sport research focuses on biomechanics, physiology, sensory/perception and data science. Researchers test theories and conduct studies in pursuit of enhancing performance, reducing injury, strengthening perception and feel, and delivering innovative products to athletes primarily through these four disciplines.

Marketing Strategy

Nike Inc.'s marketing mix (4Ps) determines the profitability and growth of the athletic footwear, apparel, and equipment business. The company's 4Ps evolve according to the dynamics of the global sporting goods industry. Such evolution is a critical success factor that enables the business to use its marketing mix to respond to market trends and changes that influence local, regional, and international market demand for its products.

Marketing strategy helps companies achieve business goals & objectives, and marketing mix (4Ps) is the widely used framework to define the strategies. This article elaborates the product, pricing, advertising & distribution strategies used by Nike.

Nike offers a wide range of products including shoes, apparel and equipment. The products in Nike's marketing mix are focused on high quality and wide variety of goods for sports enthusiasts. Nike's moonshot ambition is to double its business while halving the company's environmental impact. It has set three strategic aims to guide this work: minimize environmental footprint, transform manufacturing and unleash human potential.

Flyknit technology precisely engineers every stitch of a shoe upper to deliver maximum performance for athletes and produces 60% less waste than traditional cut-and-sew methods. ColorDry technology, which dyes fabric using zero water, has saved more than 20 million liters of water. Nike is targeting a

10% reduction in the average footprint of its shoes by 2020, paired with a goal to increase use of more sustainable materials overall.

Nike measures the value customer is willing to pay for every product. Now this value is used in determining the maximum price the customer is willing to pay for Nike's shoes, apparels or sports equipment. By this strategy company caters to the niche market yet maintains its loyal customer base of customers paying premium price for its value-added products. Hence, from the Nike marketing mix price strategy, we understand that being a market leader, has a significant hand in controlling the prices.

This element of the marketing mix identifies the prices that the company applies to maximize profits while attracting the desired share of the multinational market. Nike's investments in technology is linked with a strategy to offer its products at a premium. Still, the company considers current market conditions in setting its price points and price ranges. Nike Inc. considers consumer perception about the value of its products. In the context of the marketing mix, this value is used to determine the maximum prices that consumers are willing to pay for the company's sports shoes, apparel, and equipment. In relation, the premium pricing strategy involves high prices, based on a premium branding strategy that establishes Nike products as higher in quality and value than competing products.

Nike sells its sports shoes, apparel, and equipment through a large number of outlets worldwide. For example, these products are available at major retail stores. Retail stores are the most significant places where Nike's products are sold because these venues are strategically located and easily accessible in various markets around the world. These retailers include large firms like Walmart as well as small local and regional stores. This 4P element also shows the customers to purchase Nike's sports shoes, apparel, and equipment through the company's online store. In addition, the business operates its Niketown retail outlets. These outlets are company-owned and allow access to business and market information that supports corporate strategic management with regard to marketing strategies and tactics for current, new, and emerging products. Based on this element of the marketing mix, Nike controls the distribution and sale of its products, especially through its online store and Niketown retail outlets.

Nike as a brand is known for its strong branding and marketing activities. This is because the promotional strategy in the marketing mix of Nike is extremely comprehensive, aggressive and uses all tools & media of marketing. The company uses promotional tactics to communicate with target customers about its products and persuade these consumers to purchase the products.

Nike carries out exhaustive promotions through online campaigns over Youtube, Instagram and Facebook reaching out to millions of its fans. Nike engages sports stars as their brand ambassadors making a huge impact on the customer's mind through variety of advertisements and promotional campaigns. Nike also grabs opportunity to project its brand by sponsoring to marathons, international events such as NBA basketball championship. Nike spends huge quantum of money to show its presence over the kits for the various football clubs. Nike company's swoosh logo and images plays a major role in advertising the company. It employs great media coverage through electronic, social and print media promoting about its brand image. Bulk discounts, timely discounts through online and offline stores attract millions of consumers every day and catches mass attention at a bigger sale.

Market Segmentation

Nike targets customers between 11-45 years old, with greater weight to teens in order to build long-term loyal consumers. Furthermore, recently Nike has invested heavily in females. Specifically, Nike has developed a strategic approach to targeting women by launching a variety of female sports lines where revenues are expected to grow significantly in the next years. Nike perceives income, education and occupation as interrelated due to the fact that people with higher educational level enjoy higher income as well as most respective status. Thus, Nike segments market in lower, upper middle and upper class, where in the last group, the company provides sports equipment in limited editions, which could be bought only by individuals with high income. It must be stressed that Nike does not segment the marketplace based on ethnic background including nationality, race and religion in order to group the consumers. Respectively, Nike also does not take into account the life cycle to segment the market.

Nike aims at active individuals who take pleasure in sports, gym regularly, are athletes and passionate with sports, which tend to be part of their life. Nike applies sports-centric strategy motivating, inspiring and connecting emotionally all athletes with its products. Nike's statement "To bring inspiration and innovation to every athlete in the world" not to mention "Run with me" encourages all kind of athletes to follow with loyalty the firm with the sense that they belong to the same family. Apart from the sports consumers, Nike approaches a crowd that loves fashion. There are categories of people who are passionate about the brands and buy company's products just to follow fashion trends. These individuals are convinced that Nike's products are not ordinary athletic shoes but a fashion lifestyle.

On one hand, Nike focuses on how the consumers feel about the products. Nike's products make you feel athletic. Furthermore, Nike gives its consumers the opportunity to share their experiences with their friends and family including review of products on the internet, which spread to social networks having a huge effect to purchasing behavior of the customers.

Nike focuses on "benefits sought" to segment marketplace. Company's products strive to meet elite athletes' as well as professional and casual performers' needs. These needs that consumers looking forward to fulfill through Nike's products purchases are the quality, the duration, the comfort, the style and the brand awareness. Thus, Nike segments the market in three core bases concerning benefits, which are the 'utility' in order consumers to accomplish high performance, the 'style' where individuals follow the fashion brand statement and the 'technology' bases, which gives customers the opportunity to own innovative shoes such as Air Max.

Nike segments market based on world and country region, city and density. In particular, Nike promotes different campaigns in the United States of America, in Europe, in Asia, in Australia as well as in Africa because sports differentiate by region, even cities. For instance, all the commercials in the United States are around football and baseball, while in Europe, advertisements refer to soccer. Concerning cities segmentation and their fans in New Delhi, the capital of India, Nike promotes equipment for cricket while in England and Sidney for rugby. Based on Nike's statistics, largest marketplaces are North America as well as Western Europe and China where the company segments more the market focusing on urban areas with purchase densities.

Conclusion

In conclusion, Nike is the leader in sports equipment creating a fortress in the sports market that is difficult to conquer. The company excels because it is the first that brought innovation to sports shoes through the R & D department. At the same time, Nike constantly attracts the best athletes from all sports and signs contracts that bring enormous profitability to the business by associating the products with triumph and victory, creating the consumers' the need to acquire the product. Clearly, the company understands that the needs of consumers affect their buying decisions and results in a tremendous success to the company.