

Analysis Of Nike Brand Operation and Marketing Strategy in Different Business Periods Based On 4P Marketing Theory

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Abstract. This article presents a comprehensive overview of Nike's evolution, tracing its origins in the 1960s to the contemporary marketing challenges it faces. It delves into Nike's formative years, characterized by the successful introduction of groundbreaking sneakers and the formulation of distinct marketing tactics. The article underscores Nike's foray into the running market, emphasizing the promotion of a healthy and active lifestyle. Furthermore, it dissects Nike's pricing strategies and the establishment of retail stores as pivotal distribution channels. Transitioning into the illustrious era spanning 1990 to 2010, this article scrutinizes Nike's pinnacle marketing strategies. These include celebrity endorsements, poignant storytelling, and premium pricing aimed at elevating brand perception and desirability. However, it also candidly addresses Nike's recent challenges, marked by difficulties in sustaining market leadership, stemming from a perceived lack of innovation and intensifying competition from rival brands. This analysis underscores the imperative for Nike to reinvigorate its marketing approach and rekindle its innovative spirit. In conclusion, the article underscores the significance of differentiation as a core strategy for Nike's resurgence. It advocates for embracing the Direct-to-Consumer model, enhancing the online shopping experience, and prioritizing social responsibility to enhance brand image and regain a dominant position in the fiercely competitive sporting goods market.

Keywords: Nike; Marketing strategy; Brand History.

1. Introduction

Nike, a globally renowned corporation specializing in the design, manufacturing, and sale of athletic footwear, apparel, and equipment, has a rich history. Founded in 1964 as Blue Ribbon Sports by Bill Bowerman and Phil Knight, the company officially adopted the name Nike in 1971. Over the ensuing decades, Nike has transformed into one of the world's largest and most prominent sportswear brands. At the core of Nike's mission is the aspiration to inspire and innovate for athletes worldwide. The company derives its name from the Greek goddess of victory, symbolizing the empowerment and energy instilled in every athlete. Nike's iconic logo, recognized as the "Swoosh," epitomizes motion and speed, reflecting its commitment to dynamic athleticism.

Nike offers a wide range of products for various sports and activities, including running, basketball, soccer, tennis, golf, and more. In addition to its wide range of product offerings, Nike also collaborates with athletes, celebrities, and fashion designers to create limited-edition collections and collaborations in order to attract fans of these people to peek into their offerings. Nike operates globally in ways such as retail stores and online sales. The company sponsors professional athletes, teams, and associations worldwide, which further solidifies its presence in the sports fandom.

This essay studies the world's most influential, famous, and successful brand and how brand Nike is changing their operating strategies and marketing concepts over time. I have separated Nike into three time periods that would best show the entire past of the brand Nike. First, the period where Nike just started, from the period 1960-1980s. Secondly, Nike's golden period, 1990-2010s, is when Nike established its position as the world's most popular and strongest brand representing category sports. Lastly, from 2015 to 2023, when Nike experienced its period of downfall, other brands such as ANTA, LiNing, and Peak slowly gained their market, competing with the same consumers as Nike.

2. Literature Review

2.1. The 4Ps Marketing

The separation of the time period of Nike could be based on their 4Ps marketing concept, a fundamental framework used by businesses to develop effective marketing strategies. It consists of four key elements that are crucial in shaping a company's marketing approach: Product, Price, Place, and Promotion. 1) Product: This element focuses on the tangible or intangible offerings that a company provides to its target market. It includes the design, features, quality, packaging, branding, and any additional services associated with the product. 2) Price: Price refers to the amount customers are willing to pay for a product or service. It involves determining the right pricing strategy, taking into account factors such as production costs, competition, customer demand, and perceived value. Pricing decisions can influence a product's positioning in the market, profitability, and overall market share. 3) Place: Place refers to the distribution channels and strategies used to make the product available to customers. The goal is to ensure that the product is accessible and convenient for the target market, considering factors like customer preferences, logistics, and market reach. 4) Promotion: Promotion involves the activities and communication strategies that create awareness and generate demand for the product. It includes advertising, public relations, sales promotions, personal selling, and various marketing communications channels. The aim is to effectively communicate the product's benefits, create a positive brand image, and persuade customers to make a purchase.

2.2. Separating Time Periods Based on 4Ps

The 4Ps marketing concept serves as a comprehensive framework for businesses to holistically analyze and plan their marketing strategies. Using these four key elements, we can categorize Nike's evolution into three distinct periods: its nascent stage from 1960 to 1980, its prosperous era spanning from 1990 to 2010, and its recent decline observed from 2015 to 2023.

In the initial period, from 1960 to 1980, Nike was in the process of establishing its market presence. During this phase, Nike faced challenges in implementing the 4Ps effectively. These challenges included a lack of product diversity, an underdeveloped promotion strategy, and pricing issues, particularly for its primary product, sneakers.

Moving into the golden period from 1990 to 2010, Nike experienced remarkable success. This era witnessed the endorsement of superstar athletes who not only aligned themselves with Nike but also served as its spokespersons. Athletes from diverse sporting disciplines collaborated with Nike, resulting in heightened brand visibility and consumer engagement. Throughout this period, all aspects of the 4Ps, including pricing, distribution, and promotional efforts, reached their zenith.

However, the subsequent period from 2015 to 2023 saw Nike's decline and loss of its legendary status. During this phase, Nike faced challenges such as diminishing promotional activities, higher pricing compared to rival brands, and a perceived lack of product innovation, leading to a decline in consumer interest and market share.

3. The Rising of Nike

The creation of Nike, period 1960-1980. Nike started as a small market when Bowerman himself donated ideas to the Tiger shoe company in Japan. In 1965, Bowerman proposed a new type of sneakers that provides cushions innersole and different types of rubber on different places of the shoe. This turned out successful and was a source of conflict between Blue Ribbon and its Japanese supplier. Then, the Tiger shoe company claimed itself not working with Blue Ribbon anymore and discovered that Blue Ribbon was selling its own version of this sneaker under the shoe line of what it called "Nike."

During its first period of time during the 1960-1980, Nike experienced its company's starting ages. Nike started to expand its market. One major reason is that the sport of jogging became very popular during the 1960s, and Nike was able to catch this opportunity to develop a type of shoe that

distinguishes it from other brands. Nike developed its unique marketing strategies. First, Nike gained its advantage in Customer awareness, which is that it specifically sells its shoes to the population of joggers. Secondly, Nike used a marketing plan, Benefit-Centric marketing, which supports its products in as healthy and sporting lifestyle. Lastly, Nike has absolute faith in its produce, which reflects the best consumer's perception [1]. In addition, through its period of 1960-1980, Nike also addressed different pricing strategies for itself to establish a difference in the market. During its early years, it was quite easy to establish an average pricing for its products. Nike, during its start, targeted people who developed product intimacy and therefore did not care about price so much. During its starting years, due to its high cost of production, Nike also took up the price of its products; however, it lowered its marketing budgets to benefit the company in the long term. Also, Nike has special low-priced products at megastores, which offer special discounts, expanding its market for more consumers to buy it at a lower price [2].

Moreover, Nike also created special advertising strategies during the period 1960-1980 and expanded its ways of selling its products. During the start of Nike in 1972, Nike was able to sign its first endorsement with Romanian tennis player Nastase. This endorsement allows Nike to expand its market to the tennis market. In 1979, Nike's new cushion technology, "Air," was developed. This cushioning technology received mass amounts of compliments and, therefore, popularized the Nike brand even further. The unique feel of the cushion and the softness it provides exceeded all other technology back at that time. Meanwhile, because of these advertisements, the market Nike is unable to be spread across the globe due to this issue of the lack of channel. During the 1960s-1980s, the internet had not been developed yet, and transportation during this period was not as convenient as it is nowadays. Therefore, the most common way Nike could create a channel to export its products is through opening Retail stores around the globe. Nike opened its first retail store known as "Niketown" in the mid-1980s in Portland, Oregon. This evidence suggests that the population of retail stores during the 1960s-1980s was significantly low and, therefore, couldn't create a market large enough to be called the leading brand relating to sports [3].

4. The Golden Period of Nike and its Marketing Strategies

Moving on to its Golden period, 1990-2010. This period is when Nike experienced its marketing maximum. Where its product, pricing, advertisement, and popularity strategies reach a new level. Nike, during this period of time, developed a better marketing strategy compared to years before. Nike blended the popularity of sports celebrities and continuously developed new technologies to attract more and more consumers. Not only did Nike organize a specific brand positioning that creates a specialized market of consumers for Nike, but they also included unique elements that certainly attract attention. Nike, during this period, made a commercial telling a story about an 80-year-old man running across the Golden Gate Bridge every morning. This story encourages consumers that there is no limit on categories such as sports; even people at a significant age are able to run every day. This strategy of Nike, called emotional storytelling, grabs the attention of people and therefore expands Nike's market [4]. Compared to the strategies among pricing years before, Nike sets its price fairly high to ensure the development of the company. However, Nike's plan during 1990-2010s is quite different. Nike introduced a strategy called Premium Pricing, which benefits the brand enormously. Premium pricing is to raise the price of certain products in order to create a better brand image and elevate the value of the product. Nike's premium price raises its products' perceived worth, particularly the limited-edition Air Jordans, therefore creating an image of the scarcity of these Air Jordans. Also, the Kobe Bryant shoes nowadays are way exceeding their offer price due to premium pricing. Nike uses this price model for items that generate a high degree of brand loyalty and cutting-edge technology [5].

Indeed, during the golden age of 1990-2010, Nike implemented innovative advertising strategies. This period coincided with the rapid global rise in popularity of the National Basketball Association (NBA), elevating its superstar athletes to iconic status. Nike was among the pioneering brands to

secure endorsement deals with these NBA superstars. The collaboration between Nike and high-profile sports figures was characterized by emotional marketing and storytelling, which served to commemorate their accomplishments and acknowledge their setbacks. These endorsements featured renowned athletes such as Michael Jordan, Kobe Bryant, Ronaldo, Serena Williams, LeBron James, and many others, effectively positioning Nike as a premium brand. Quickly expanded Nike's market and made Nike the world's best sports Brand during that time. With corporations among Nike and famous celebrities, these superstars increase the appeal of the Nike brand and increase the sales of the products the celebrities use. An example could be during the 1990s when Michael Jordan was certainly the most famous player in the NBA. However, at first, the NBA league forbade Jordan from wearing his own brand, AJ1, in basketball tournaments. However, Nike isn't frustrated at all and pays extra bills to the league for Jordan to continue wearing his endorsed type of shoe, AJ1. This action creates a huge flow of fans who support Jordan, and, like his endorsed shoe AJ1, which also generates a huge amount of total revenue for the Nike brand from around 2000 million dollars a year to 7000 million dollars a year [6]. Additionally, through the rapid advertisements of endorsements with superstars from different categories of sports, Nike also developed some new ways to distribute their products. Due to the development of the internet, Nike opened its Online Store to sell its products online, which creates huge convenience and offers a wider range of choices. The online stores also have elements such as detailed pictures, vibrate pictures and robotic recommendations for each product. Also, Nike opened up special Nike-owned Retail stores that only offer Nike's athletic footwear, shoes, and clothing that are endorsed by superstars. By the 2010s, Nike opened around 500 special retail stores around the world [7].

5. The Falling of Nike and its Marketing Strategies

Finally, it reached the period where Nike dropped out of its legendary spotlights in the field of sporting equipment, the period 2015-2023s. During this period, Nike lacked new ideas for developing their products; therefore, the market of Nike is slowly dividing into other sports brands such as Puma, Under Armor, and Adidas. Nike, during this period of time, did not come up with too much of a different marketing strategy compared to its changes before. As other brands quickly adopt Nike's marketing plans and might even evolve and develop better plans from it, Nike's marketing plans have lost their identity among consumers. Brands such as Lining, Peak, and Nike's greatest competitor, Adidas, adopted Nike's product strategies and developed their own opinions based on Nike's strategies. Additionally, the brand Lululemon focuses its market on female clothing and shoes, which successfully brings in a huge market for them. Meanwhile, Celebrities' shoe is not a unique thing for Nike anymore, and Nike's cushion technology is not that impressive anymore. According to Statista.com, Nike's total revenue over the past years has not changed significantly. Total revenue only increases by less than 3 percent each year. However, other brands, such as Under Armor, experienced an enormous increase in total revenue when superstar Stephen Curry signed endorsements with Under Armor. While Nike is basically experiencing no change in total revenue, other brand's total revenue is enlarging significantly; therefore, we can see how Nike lost its dominance in the category of sports. Nowadays, the world's price is experiencing gradual inflation, and money is becoming worth less and less. Therefore, things around the world are costing significantly more than they cost years before. Nike's strategy of Premium prices on special products that are related to superstars is now not so effective. Nike, compared to other brands nowadays, still costs more. Therefore, consumers experience trouble with their expenditures and might not be considering Nike to be their option for buying sporting equipment anymore [8].

6. Brief Summary of Different Periods of Nike

Overall, the information and analysis above demonstrate to us that Nike, during different periods of time, is experiencing things that are similar but different in various ways. Nike, during different

periods of their market, has specific strategies relating to their production; during its first ages, Nike focused on developing products that suited society's sporting patterns and developing completely new technology for athletes to use. Then, Nike moved on to working with professional superstars to give its market spotlight and attention. Nike gained the advantages of the market relating to superstars and expanded its market. Finally, Nike lost most of its advantages and was chased up by other sporting brands, and other brands began to collaborate with superstars and develop new technologies, making Nike not that Unique after all. Nike's pricing and advertising also change significantly over time. Nike first established higher prices in order to benefit the company in the long run and establish foundation money for Nike, with minimum advertising with few superstars at first. Moving on, Nike established what is called Premium Pricing, which benefits Nike hugely and establishes extra revenue from the fame of superstars and the loyalty of fans who believe in Nike's success. Nike's advertising during this period was also extreme; with huge celebrities endorsing Nike, the entire fandom of those celebrities was attracted to the products the celebrities frequently used, such as Nike. Additionally, Nike also developed a special method of what is called storytelling, in which Nike writes encouraging stories for consumers to feel engaged and encouraged with the products Nike is creating for them in order to have better sales. Finally, Nike has lost creativity during the final period of 2015-2023 and is not as dominant as it had been a decade earlier. The high pricing has been a problem for Nike instead of an opportunity for Nike to earn extra revenue [9].

7. Possible Solutions for Modern Nike

In light of the challenges Nike has faced in recent years, this study proposes several potential solutions to help Nike regain its competitive edge and dominance. Firstly, Nike should fully embrace the Direct-to-Consumer (DTC) model. While the company has made progress in this direction, there is still room for improvement. Nike can further enhance the online shopping experience by offering seamless navigation, personalization, and speedy delivery options.

Secondly, Nike should intensify its commitment to corporate social responsibility (CSR). Like many other brands, Nike faces scrutiny regarding its labor practices and environmental impact. Proactively addressing these concerns and emphasizing ethical labor practices and sustainability in its marketing campaigns can significantly improve the brand's image among consumers who value CSR.

Lastly, Nike should diversify its marketing channels. While the company has a strong presence in both traditional and digital media, there's an opportunity to explore emerging platforms such as TikTok, Snapchat, and various gaming platforms. These channels can help Nike reach younger audiences effectively [10].

8. Conclusion

In conclusion, Nike has undergone significant transformations over the past two decades, evolving its marketing strategies from the 1960s to the present day. Strategies like storytelling have benefited the brand and expanded its global market reach. Additionally, Nike's early adoption of athlete endorsements across various sports categories helped attract diverse fan bases and enhance brand identity. However, in recent times, Nike has faced challenges such as declining sales, a weakening brand image, and pricing issues, leading to a loss of dominance in the sporting goods market. Looking ahead, Nike must revitalize its marketing strategies, prioritize innovation, and differentiate itself from competitors to regain its former glory.

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