

Analyzing the Impact of Marketing Strategy: A Case Study of Nike Air Max 1

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Abstract. During the 1980s, the running shoe market in the United States of America saw a period of significant growth and advancement. The inaugural running shoe featuring an open-air cushion, known as the Air Max 1, was introduced by Nike and garnered significant acclaim from both customers and the sports industry. This research integrates global examinations of Nike's marketing strategy with the analysis of measurement data from prior studies on the determinants of consumers' purchase intention as examined through the lens of the marketing mix theory. The findings of this study indicate that Nike's product design, promotion strategy, and pricing have a significant impact on consumers' purchase intentions. Additionally, this study provides marketing recommendations for Nike in the present market landscape. The purchase intention of consumers is influenced by pricing strategies aligned with market positioning, thereby providing Nike with valuable marketing recommendations within the present market landscape. When considering product design, it is recommended that Nike prioritize individualized design as a means to augment consumer engagement with the product. In relation to promotional tactics, Nike ought to enhance customer attraction and augment buy intention through the implementation of co-branding initiatives with renowned intellectual properties (IPs) and collaborations with celebrities across diverse domains. Nike should implement a varied price plan to appeal to consumers with varying levels of purchasing power and budgets.

Keywords: Purchase Intention, Marketing Mix Theory, Nike, Air Max 1.

1. Introduction

During the 1970s and 1980s, the sports shoe market in the United States experienced growth in tandem with the increasing acceptance of health-related beliefs among the population. Due to the American people's intense passion for sports, this resulted in the establishment of the sports industry and the rapid growth of the running shoe market. The sports shoe market is a nascent business with a high demand for running shoes. Numerous brands are already dedicated to manufacturing running shoes, and the performance and design of these shoes are always improving. During that period, Nike, as a nascent firm, successfully created a range of running shoes that had already gained significant popularity in the market. By adopting an original equipment manufacturer (OEM) production model, Nike was able to allocate its resources towards design research and development. The engineer Frank Rudy identified a significant opportunity when he designed a sports air cushion that enhances shock absorption and reduces weight in running shoes. Rudy sought collaboration with Adidas and other businesses. Nevertheless, because of the unparalleled advancements in technology, it was consistently met with rejection. Subsequently, he endeavored to engage Nike, whose founder held the technique in high regard. Subsequently, the Research & Development team at Nike introduced an innovative exposed air cushion design with the aim of augmenting shock absorption capabilities and incorporating distinctive visual components. Market demand drove the product's production, and the impact of Nike's brand helped even more. A revolutionary and best-selling exposed air cushion shoe was created through the convergence of technological advancements, market demand, and brand influence. Although it was the first commercially accessible sneaker with open-air cushioning, it has garnered a substantial volume of orders.

Numerous studies have been conducted to examine Nike's marketing model, employing various methodologies such as case studies and comparative analysis. These studies have drawn upon several literature sources, including sports marketing theory, brand management theory, and marketing

strategy theory [1–3]. Nevertheless, the direct examination of strategies to enhance consumer purchase intentions within a context characterized by ongoing market segmentation has been limited. The ascendancy of new-generation companies has resulted in a decline in Nike's market share among young consumers. The sports shoe and apparel market are very competitive and divided into segments. There is a dearth of research on the relevance of Nike's marketing strategy in the present market and how to adapt and enhance the marketing model. This study aims to examine the impact of Nike's marketing model and program on customers' purchase intentions, specifically in relation to running shoes featuring exposed air cushions.

The primary aims of this study are to investigate the various elements that have the potential to impact customers' intentions to make a purchase. The present study aims to investigate the impact of Nike's marketing technique on consumers' purchase intentions by analyzing the case of Nike's leaking cushioned sneakers. This study aims to investigate Nike's marketing strategy, with a particular focus on the 1987 model. Is the marketing model still relevant and effective in the present market conditions? Which recommendations are considered viable for Nike and the sports product industry?

This study aims to utilize marketing mix theory to examine the product attributes, selling price, marketing strategies, and marketing channels of air-cushioned shoes. The first exposed air-cushioned shoe will serve as a case study. Data will be gathered by analyzing Nike's turnover and fluctuations in market share in the United States in comparison to other sports brands. The market's response to stock price fluctuations will be observed to analyze the aforementioned information. This analysis will offer specific recommendations for Nike's marketing strategy while concurrently generating novel sales concepts for other sports brands. This holds considerable importance for the economic advancement of the sports industry.

2. Case Description

Frank Rudy, a space engineer, submitted the patent application for air-cushioned shoes to the U.S. Patent Office in 1972. Subsequently, Rudy sought collaboration with Nike to advance the development of air cushioning technology. In 1979, Nike unveiled the inaugural footwear featuring an air-cushioned sole, which was aptly dubbed Air Tailwind. The Air Max, being the inaugural shoe with an air cushion, garnered significant attention in the sports market and provided sportsmen with a novel and unparalleled experience. Nike introduced the Air Max 1, the first shoes with a leaking air cushion, to the global market in 1987. The Air Max 1 has garnered significant interest within the sports market subsequent to its launch, owing to its visually appealing design and enhanced functionalities, hence offering users a novel and enhanced experience. Nike not only achieved significant sales volumes for this innovative design concept but also introduced a novel visual approach to the sneaker market during that period. Following the year 1987, the introduction of exposed air cushion technology significantly bolstered the Nike brand's appeal, thereby solidifying its dominant position as the foremost provider of athletic footwear. In a stable business, Nike has spearheaded the introduction of disruptive and creative items into the running shoe market, resulting in significant recognition and sales. The marketing technique employed by Nike has consistently garnered significant attention, and similarly, the Air Max 1 case is inherently intertwined with Nike's marketing strategy. Thus, this paper will analysis the factors contributing to the triumph of Nike's product.

3. Analysis on Problems

3.1. Reasons on Product Design Strategy

The Air Max 1's exceptional design is the primary factor contributing to its notable strengths, including its commendable performance and pioneering construction. These attributes have enabled Nike to achieve success in technological innovation and establish itself as a frontrunner in emerging trends within the sports sector. The brand has experienced a boost in customer recognition. Nike has

consistently exhibited a daring and innovative approach in the realm of product creation. The company's innovative spirit led them to create a new product, Air Max 1, by merging new science and technology in line with the current trend. The innovative design and exceptional performance of this product quickly garnered attention from the sports community and consumer acclaim, propelling Nike to swiftly establish itself as the market leader. This study will commence by referencing the precursor of the Air Max 1, namely the Tailwind air-cushioned shoes. In 1978, Nike exclusively incorporated Frank Rudy's inflatable air cushion technology into the midsole of their running shoes, resulting in the creation of the world's inaugural air-cushioned footwear. In 1987, Nike introduced the Air Max 1, a groundbreaking product that incorporated an exposed air cushion, hence enhancing its style and functionality. This design facilitated the consumer's visibility of the shoe's sole. The design was well-received by consumers and sportsmen due to its ability to display the air cushion on the sole. This led to technological progress and the introduction of a new visual concept in the sneaker market.

The design of the Air Max 1 surpasses that of prior air cushion shoes concealed in the midsole, thus satiating consumer interest in the air cushion. Simultaneously, the Air Max 1 is an innovative product that offers enhanced cushioning through the utilization of air cushion technology. According to the marketing mix theory of the 4Ps, a product's quality, design, function, and selling point are all important influences on sales. In the case of the Air Max 1, it is noteworthy that the product exhibits a significant level of practicality and performance enhancements in terms of its functionality. Additionally, the design of the exposed air cushion serves as a distinctive selling point, offering consumers a novel visual experience.

Prior studies have demonstrated that the quality of a product significantly influences consumers' inclination to make a purchase. For instance, Ririn et al. examined the impact of packaging, product quality, and promotion on the intention to purchase a certain brand of hand cream [4]. A variable survey analysis was employed to evaluate the data and demonstrate the significant role of product quality perception in the majority of purchase transactions [4]. In 2015, Zein determined that the quality of a product is directly linked to its capacity to fully satisfy the psychological and physical requirements of consumers [5].

3.2. Reasons on Promotion Strategy

Nike's promotion strategy is a key strength that contributed to the success of the Air Max 1 in terms of sales and increased customer interest in Nike's products. Nike strategically puts itself in the premium segment of the sports brand market. Through its promotional efforts, Nike aims to stimulate consumption and entice people to purchase the Air Max 1. Nike enhances the competitiveness and market recognition of the Air Max 1 by implementing promotional tactics, including limited edition releases, celebrity endorsements, and experiential events, thereby enhancing consumer satisfaction. Nike has effectively enhanced the competitiveness and market recognition of the Air Max 1, hence augmenting consumers' inclination to make purchases.

During the release of the Air Max 1, Nike implemented a restricted sales approach, requiring customers to wait in line or make advance reservations. This resulted in a scarcity of the sneakers, despite their innovative design and added value to the products. Scarcity refers to a situation when the demand exceeds the available resources. When the marketing approach imbues a commodity with the attribute of scarcity, particularly in situations where resources are scarce, it will elicit a consumer's inclination to make a purchase. In this situation, it is likely that celebrity endorsements, which are based on elements like familiarity, attractiveness, and trustworthiness, will have an impact on consumer perceptions of the quality of the recommended brand [6]. Hence, the utilization of a fashionable celebrity endorsement by a firm in product promotion has the potential to enhance consumers' inclination towards making a purchase. The utilization of Michael Jordan's endorsement of Air Max 1 by Nike resulted in an augmentation of customers' positive sentiment towards Air Max 1 and the brand, hence fostering their inclination to evaluate and purchase this novel product. According to Knoll and Matthes in 2017, affective impacts can be understood via the lens of balancing

theory, which posits that attitudes towards the advertisement and attitudes towards the marketed object are interconnected [7].

3.3. Reasons on Price Strategy

Nike's success in terms of sales and consumer base may be attributed to its effective positioning and pricing strategies, as well as its ability to differentiate its products. This has resulted in a greater number of consumers being willing to purchase Nike shoes within their financial capabilities. Nike products are classified as high-priced items in the sports industry. However, consumers are still willing to spend money on them, and the price of this category has even become a determining factor in consumers' intentions to make a purchase. The high pricing of Nike's products can be attributed to various factors, including the conversion of domestic sales into exports. During the 1980s, subsequent to the initial launch of the Air Max 1, Nike initiated the implementation of the agent model, resulting in cost reduction and the expansion of sales channels for the corporation. The cost of Nike's items significantly influences consumers' inclination to make a purchase. Nike's products are priced at the upper echelon of the sports goods market. In 1987, the Air Max 1, which was the first shoe to feature an exposed air cushion and had no competitors in the market, was priced more due to its innovative technology. This pricing strategy was based on skimming. Nevertheless, due to the introduction of innovative technological products, a significant portion of consumers remain willing to make payments for them. In 2017, Widyastuti asserted that price strategy exerts a favorable and substantial impact on consumer buying choices [8]. Frequently, buyers have the belief that a higher price is indicative of superior quality, resulting in an increase in their purchase intention [8]. The consumer's purchasing decision is influenced by their understanding of product value, as they utilize pricing information as a partial unit of measurement in their cognitive decision-making process [9].

4. Suggestions

4.1. Suggestion on Product Strategy

Based on the preceding analysis, there exists a positive correlation between the quality of product design and the level of consumer purchase intention. Currently, there has been significant advancement and maturation in air cushion technology, resulting in the proliferation of several brands of air cushion shoes in the market. Additionally, the quest for personalization has emerged as a popular trend. Hence, in this context, it is recommended that Nike integrate customizable elements into its product design in order to accommodate a wider range of consumer tastes and empower people to make their own product choices. Using the Nike brand experience shop in Guangzhou, China, as a case study, it stands out as the pioneering establishment in South China to have an NIKE iD design area. This unique feature has garnered significant attention from consumers, who are drawn to the opportunity to engage with and acquire personalized products. Multiple studies have provided evidence supporting the prevailing phenomenon of personalization. According to the 2018 iFashion Fashion Consumption Trend Report, there was a notable surge in consumer searches for personalized products, with the number reaching one billion in 2017. This represents a substantial growth of 24% when compared to the previous year, 2016. Consumers born after 1995 had a significant inclination towards personalized products. In comparison to consumers born after the 1980s and 1990s, the purchasing power of post-1995 customers for personalized goods experienced a substantial 139% increase. It is evident that, as time progresses, people are increasingly seeking personalization. [10]. Hence, Nike has to create customized merchandise and enhance market research to ascertain client preferences in the present market and provide appropriate products, thereby augmenting consumer psychological engagement. Consequently, the purchasing inclination of a larger proportion of young customers will be augmented.

4.2. Suggestion on Promotion Strategy

Based on the previously discussed analysis of Nike's advertising approach involving celebrity endorsements and limited sales, it can be inferred that these strategies have a certain degree of influence on consumers' buying intentions. Nevertheless, the impact of media and the Internet has resulted in a rapidly evolving market landscape, making it challenging for a solitary celebrity endorsement to meet the demands of diverse consumer segments. Additionally, the prevalent practice of scalping shoes in contemporary times poses a potential threat to the established market structure. Hence, with regards to promotional strategies, this study proposes that Nike should enhance its social media engagement, monitor consumer purchasing patterns, and stay abreast of current trends in order to develop innovative marketing strategies. One such strategy involves launching co-branded products in collaboration with renowned and popular intellectual properties.

The co-branding of Marvel's intellectual property with Anta is a suitable illustration. Anta has introduced a collection of air cushion shoes that have been co-branded with Marvel. These shoes include distinct color schemes that correspond to the theme colors associated with various Marvel characters. The co-branding not only generated excitement for Anta but also motivated potential consumer segments and attracted a new customer base, resulting in a substantial increase in sales. The collaboration between the brand and the intellectual property not only unites the fan communities of the brand and the intellectual property but also entices a substantial number of regular individuals to engage in conversations and interact with one another, thereby accessing new consumers. In general, the beneficiaries' visual preferences and consumer inclinations serve as the driving force behind co-branding initiatives [11].

4.3. Suggestion on Price Strategy

According to the prior analysis, Nike leads the high-priced market with its high-quality, high-priced product approach. However, the modern sporting goods market is very competitive among brands, and consumers are increasingly focused on product price-performance ratios. As a result, if Nike wishes to attract a broader range of customers, this article recommends an optimal pricing strategy. Nike can modify its pricing approach to be more adaptable to consumer groups with varying price expectations. Tiered pricing, for example, entails introducing different grades of products; low-priced products focus on cost-effectiveness and comfort; high-priced products focus on the research, development, and application of new technologies; the development of IP co-branding or characteristics of limited products; and other products to maintain this part of the high-priced strategy to highlight the brand's value. Taking Apple as an example, each generation of iPhone comes to market with a variety of different models and configurations, ranging from the basic model to the top of the Pro Max series, as well as a wide range of prices, allowing consumers with different budgets to find their own suitable products and naturally increasing the consumption willingness of different groups.

5. Conclusion

This study begins by briefly analyzing the market context for American sports shoes in the 1970s and 1980s, as well as explaining the design and performance features of running shoes at the time. Second, it describes the position and operation of Nike at the time. Finally, it discusses the forerunner of the Air Max 1 and the manufacturing possibilities. The case description section focuses on the sales situation when the Air Max 1 was released, as well as a description of the product itself, investigates the influencing factors behind the phenomenon, summarizes the three reasons for Nike's success in various aspects in Reasons of Strategy, and cites literature to support the impact of the three influencing factors on consumers' purchase intention. To summarize, using Nike's Air Max 1 on sale in 1987 as an example, this article suggests that product design, advertising strategy, and pricing strategy are essential elements influencing consumer purchasing intentions. Second, in today's

market environment, if Nike wants to preserve its position in the business against strong competition, it must stay up with the times and develop new products and services that cater to consumer intentions.

This study adopts an innovative approach to examine the correlation between consumer psychology and behavior, as well as brand actions. Furthermore, this paper examines the marketing strategies employed by Nike for their initial product instances, integrates an analysis of the current market conditions, and comprehends the prevailing trends in order to propose realistic and feasible recommendations to Nike. Nevertheless, a notable limitation of this study is the scarcity of data pertaining to Nike's current product offerings, resulting in a limited number of illustrative instances. Given the swift advancement of the new media sector, it is challenging to thoroughly examine and assess the forecasting of Nike's sales channels. Consequently, this article aims to address the research gap on the rationale behind this strategy. The author intends to direct future research towards the examination of sales channels, with a particular emphasis on staying abreast of the latest developments within the Nike industry. This will involve analyzing the company's existing operational methods and market structure, and subsequently providing insights into the future trajectory of Nike's development.

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