

Research on the Economic Effects of Co-branding with the Nike

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Abstract. As globalization and market competition intensify, brands are compelled to seek novel ways to differentiate themselves, with co-branding emerging as a prevalent branding strategy. Social media platforms have facilitated new avenues for showcasing and disseminating co-branded products, thereby enhancing the interaction between co-branded brands and consumers. This paper delves into the various co-branding approaches adopted by Nike and summarizes the impacts of these different strategies on the brand.

Keywords: co-branding, brand impact, brand development, market strategy.

1. Introduction

With the advancement of globalization, market competition has become increasingly fierce. Modern consumers have increasingly diverse demands for products, paying attention not only to their functionality and quality but also to personalization and cultural values. In other words, the aesthetic values carried by products, such as design intentions and brand values, far outweigh their practical values. Some products and brands have become symbols of self-worth and identity recognition [1]. People differentiate themselves from other social circles through differentiated and personalized products and brands, while simultaneously belonging to established social relationships, making those social circles tighter. In other words, brands also possess social attributes, and the added value generated by brands is an important marker that distinguishes different brands. To break the inherent monolithic image of a brand, gain a wider range of audience recognition, expand its consumer base, and increase its added value, co-branding has emerged as a solution.

The essence of brand co-branding is the mutual penetration of each brand spirit and the leap and promotion of the special value of products. Two or more brands can achieve the effect of "borrowing their power" and "unexpected" through brand co-branding, and thus capture the curiosity of consumers, so as to enhance the influence of both parties in different fields and change the status of brand uniformity [2]. Many brands use the method of co-branding to quickly seize the market and get more consumers' attention. In 1997, Reebok launched the Chanel×Reebok Instapump Fury in collaboration with Chanel. In 1999, Puma and Jil Sander jointly launched high-end fashion casual shoes. In 2003, Nike launched a joint partnership with Supreme. In 2012, Nike and the famous American hip hop singer Kanye West launched a joint product: Nike Air Yeezy 2. The Kanye West branded sneakers are selling well around the world. In 2013, Kanye cooperated with Adidas to launch a joint shoe Yeezy series, which was hailed as "the brightest crown of New York Fashion Week" [3]. Li Ning and The Mogao Grottoes of Dunhuang jointly launched sportswear. This kind of connotation of co-branding is a good example of communication and collaboration between different cultures and brands. The cooperation parties gain a good reputation among consumers by virtue of the combination of aesthetic taste and cultural heritage, successfully enhance the social influence of co-branding products and enrich the cultural connotation. This paper takes the Nike brand as an example to analyze the economic benefits and brand value brought by its use of co-marketing.

2. The Meaning and Research Status of Co-Branding

A brand represents the summation of the unique image and perception formed by a company, product, or service in the minds of consumers [3]. It includes the company's visual identity (such as

name, logo, and slogan) and consumer perception of the company's values, culture, reputation, and market positioning. By delivering consistent quality and experiences, a brand establishes trust and loyalty among consumers. A strong brand can differentiate itself from market competitors, and attract and retain customers, while simultaneously creating long-term economic value for the enterprise.

Gongguang Fan believes that brand co-branding is the cooperation between two or more brands, products, or different related resources, which is manifested as the brand or product is displayed in the physical form, or the brand name, company logo, etc. [4]. From the perspective of marketing, this paper puts forward the meaning of brand co-branding, which refers to the cooperation between two or more brands for a common business goal or marketing purpose. This cooperation can take many forms, including product development, marketing activities, brand promotion, etc., where the two parties borrow advantages from each other to increase consumers' willingness to buy, thus forming brand advantages that a single enterprise often does not have. Samu, Krishnan, and Smith (1999) categorized brand co-branding into two types. The first type involves partnering with two or more brands to reach an agreement and engage in corresponding marketing sales, mutually leveraging their respective brand assets to expand consumer awareness of the brands and improve consumer attitudes towards both brands. This is known as advertising and promotional collaboration, where both parties jointly conduct promotional activities in the market. The second type views co-branding as a deep collaboration between two or more brands to introduce a new product or service into the market. [5]

3. Case Study of Nike's Brand Collaborations

In 1964, the "Blue Ribbon Sports" company, founded in Portland, Oregon, USA, was the predecessor of Nike, primarily engaged in selling running shoes manufactured in Japan. In 1972, the company was renamed Nike and established factories and production lines in Asia to produce sports shoes designed and developed by itself [6]. Nike invented the air technology and simultaneously began producing and selling sportswear and related products, forming a comprehensive sports product chain encompassing apparel, footwear, and sports equipment. It focused on product development and marketing. During the 1980s, Nike's President Phil Knight recognized the influence of basketball stars on basketball fans and the basketball economy, signing the basketball player Michael Jordan and tailoring the Air Jordan series of basketball shoes specifically for him. As Michael Jordan excelled on the NBA court, the Air Jordan series of basketball shoes gained immense popularity and fame.

Throughout Nike's marketing strategy. First, it attaches importance to technological innovation and advertising. Sports, science and technology, and fashion are the core of its marketing. Secondly, it attaches great importance to the choice of brand spokesperson and star effect. Nike continues to develop high-end series and co-branded and cooperate with hunger marketing. Pre-hype and publicize the particularity and scarcity of products on social media, so that products and brands continue to maintain the topic and heat. The brand joint name mentioned in this article refers to the new product joint, that is, Nike and other brands or individuals work together to launch a new product in the market. Its joint name is divided into three ways, one is to cooperate with the star. The second is to co-create brands with athletes. The third is co-branding with the fashion industry.

3.1 Co-branding with stars

Nike and John McEnroe, Serena Williams, Roger Federer, Rafael Nadal Parera, Kobe Bryant, Hiroshi Fujiwara, G-Dragon, and other athletes, stars have co-signed. Nike promoted Federer in the United States and cooperated with Federer in the fashion field. Nike created a logo for Roger Federer and produced his sneakers. At the Championships, Wimbledon in 2006, Federer wore a cream jacket with his last name Federer on the left pocket. In 2007, he appeared in a tracksuit with the logo of his initials (RF). In addition, Nike also signed Federer's "old enemy" - Nadal, forming a competitive situation. This situation is precisely the kind of competition that Americans love to see. Nike seized people like to take sides in the psychological, and in the process of promoting the two starts, gained

a lot of fun. Nike opened the American market and the fashion market for the two players, and the two players also opened the European market and the tennis market for Nike, expanding the Nike consumer group and improving the visibility and reputation of Nike in the European market.

Furthermore, collaborations with non-sports celebrities have brought innovative designs to Nike, attracting consumers who seek individuality and uniqueness, and establishing a distinct, personalized brand image. The collaboration between Nike and G-Dragon, specifically the PEACEMINUSONE x Nike Air Force 1 "Para-Noise 2.0," quickly became a hot topic after its release. This collaborative design features a white color as its main tone, complemented by a black Swoosh Logo on the side, evoking the charm of the original reversed color. The laces are black and feature a widened design. The tongue boasts the iconic PEACEMINUSONE daisy logo, and the upper part of the shoe has a scratch-off property, revealing hidden graffiti underneath the white surface. This shoe allows each wearer to create and express the individual aesthetic based on their unique personal experiences. Upon its release, the price of this shoe soared from its official price of \$200 to 2,999 per pair[7]. The value of the limited-edition red swoosh version skyrocketed to over 20,000 yuan. The yellow swoosh version was limited to just 88 pairs globally, creating a highly sought-after situation where they were extremely difficult to obtain. The fully released 1,000 pairs of the white swoosh version sold out in just 0.06 seconds. G-Dragon is one of the most influential figures in Asian pop music, and people imitate his fashion style and follow the trends he leads. The collaboration between Nike and G-Dragon has expanded Nike's influence in the Asian region.

As a third party connecting brands and consumers, spokespersons become the key bridge to convey product information, and stars with strong personal characteristics can better reflect the commercial value of their endorsements. Most of the consumer behaviors formed based on fan culture are related to the star effect, and the selection of different spokespeople also defines different target customer groups. The cooperation with G-Dragon has put a fashion, popular, and personalized label on Nike, attracting young consumers who like music, expanding Nike's original consumer group, expanding people's awareness of Nike, making it associated with fashion and music, and enhancing Nike's influence in the non-sports field. It can be seen that through high exposure star endorsement, consumers can more quickly recognize the brand, at the same time, enterprises can use the power of stars to deeply tap the needs of consumers, to open up new markets. Through star endorsement, the brand's information is more easily and quickly accepted by consumers, wins consumers' trust, and opens new markets.

3.2 Nike and athletes to create the brand

In the 1980s, Nike signed Michael Jordan as its spokesperson and tailored the Air Jordan series of basketball shoes specifically for him. The AJ shoes seamlessly combined athlete performance with technology, fashion, and practicality. With their stunning aesthetics and cutting-edge hardware, AJ shoes became highly sought-after products that consumers willingly shared and promoted, creating a virtuous marketing cycle. As Michael Jordan's career flourished in the NBA, Nike signed a lifelong contract with him and established the Jordan Brand. The collaboration between Nike and Michael Jordan made the AJ series of basketball shoes one of the most iconic products in the history of sports branding, with annual sales exceeding \$3 billion. The success of the Jordan Brand lies not only in the quality and design of its products but also in its deep connection with Michael Jordan. This connection makes Air Jordan series products become the first choice for basketball lovers. AJ shoes are a symbol of Jordan's culture and it is closely tied to Jordan's sportsmanship, and even become an extension of Jordan's spirit. Air Jordan is a product of consumers' feelings for Jordan. Wearing AJ sneakers can not only express consumers' love for basketball and sports but also consumers' love for Jordan and pay tribute to Jordan. Therefore, has been widely sought after.

As a high-end brand under Nike, the AJ series frequently releases limited editions, creating a sense of scarcity and exclusivity among consumers. Through limited sales, the phenomenon of "a shoe is difficult to find" has triggered a buying frenzy. As a result, since its inception in 1985, the AJ series has become a phenomenal consumer product, sparking repeated surges of strong consumer demand

and becoming the most desired brand among shoppers in the sneaker resale market. On major sneaker e-commerce platforms, a pair of AJ sneakers originally priced at around a thousand yuan can be resold for tens of thousands of yuan. Among many brands, AJ sneakers secure the top spot in the list of the highest premium with an average premium capacity of 59% [8]. These sales figures illustrate the enormous scale and intense popularity of the AJ sneaker market.

3.3 Co-branding with fashion brands

Collaborations between Nike and fashion brands can breathe new life into some of Nike's classic shoe styles. Brand collaborations also create more opportunities for Nike to work with designers from other industries, thereby enhancing its brand image and popularity. Since its launch in 2018, Nike's new vintage-inspired running shoe, the Nike React Element 87, has garnered significant market attention. With its avant-garde shoe design and cutting-edge technology, it received excellent market response upon its release. At Paris Fashion Week, Jun Takahashi, the founder of UNDERCOVER, showcased the UNDERCOVER X Nike React Element 87 collaboration series, featuring bold and innovative color-blocking designs and futuristic styling. The shoe's material patchwork on the upper creates a rich sense of layering, and the laces exude a strong personality. During the Spring/Summer 2019 Paris Fashion Week, COMME des GARÇONS unveiled a collaboration with Nike, the COMME des GARÇONS x Nike Dunk Low [9]. This shoe features a subdued translucent material for the upper, with the CDG brand name covering the entire shoe. A second layer of blue fabric is added to the black translucent material, creating a layered effect.

Nike's co-branding with the fashion field has expanded Nike's consumer base and made Nike enter the fashion field. In today's society, people's consumption of sports products is not only to meet the needs of sports functions, Nike's co-branding with fashion brands and luxury brands grasps the consumer psychology of this part of the people. The joint brand cooperation between the two sides can satisfy people's psychology of showing off and pursuing individuality. Secondly, it can enhance the brand value of Nike and increase the richness, diversity, topic and attention of the product. In co-branding with fashion brands, Nike can increase the price of related co-branding products, so that it forms a high-end, fashionable brand image. It can be said that Co-branding blurs the boundary between sports and fashion, and enhances the brand's position and attention in the market.

4. Influence of co-branding on brands

Nike's co-branded shoes in the market performance is particularly prominent, occupied the "top ten co-branded shoes" in 8 seats [10], from the market price, design specifications, rarity, and popularity, Nike's co-branded shoes have shown its dominant position in the shoe market. These co-branded products are innovative in design and have achieved significant economic benefits, proving the success of Nike's brand co-branding strategy. Nike's case shows that the brand through cross-border cooperation, cultural integration and innovative design to enhance the brand image and market competitiveness. Through these co-branded collaborations, Nike not only enhances the diversity of its product line, but also deepens its connection with consumers and enhances the brand's global influence.

More importantly, when Nike engages in brand collaborations, it deeply considers the compatibility between the collaborating brand and Nike itself. By collaborating with athletes, Nike continues to solidify its position in the sports industry. Through collaborations with the art and fashion sectors, Nike expands its consumer base horizontally, enabling it to explore new territories continuously. However, both collaboration strategies revolve around Nike's brand essence of sports, fashion, and technology, never straying from its core values. Therefore, Nike's co-branding leads to the diffusion of commercial value between Nike and its partners, creating a synergetic force that resonates, mutually influences, and promotes each other, achieving a powerful combined effect.

The scarcity of products enhances consumers' purchase intention. Nike leverages scarcity to elevate consumers' perceived value of its collaborative designs. By possessing a scarce brand,

consumers can showcase their uniqueness to significant individuals. Scarcity effectively triggers consumers' competitive psychology, further intensifying their willingness to purchase. In other words, brand collaborations and scarcity marketing positively influence consumers' values and attitudes.

5. Conclusion

This article combs the way of NIKE co-branding and analyzes its influence on the NIKE brand. By partnering with brands from diverse sectors, Nike has successfully attracted new audiences and leveraged the resources and channels of these brands to create more groundbreaking and compelling products, thereby achieving wider brand exposure. Nike's co-branding has significantly elevated its brand image, breaking through existing limitations and fostering an innovative persona that has bolstered customer satisfaction and loyalty. However, it is crucial to address several challenges in brand collaborations, including market positioning, quality issues, cultural clashes, and over-commercialization. Mismatched or unclear market positioning between collaborating brands can lead to consumer confusion and potentially harm the original brand image. Quality issues in collaborative products can damage the reputation of both parties involved. Furthermore, a lack of novelty and creativity in collaboration activities can induce consumer indifference or even resentment, diminishing brand value.

Therefore, Nike must navigate these challenges carefully to ensure that its brand collaborations continue to drive positive outcomes and reinforce its position as a leading global brand.

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