

The Impact of Marketing Strategies on the Sports Goods Industry: Taking Nike as an Example

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Abstract: In the development of the sports goods industry, marketing, as an important management tool, has a significant impact on the growth of businesses. Not only can a solid marketing plan provide a thorough sales network and system for the sporting goods business, but also solve the problems of product sales and fund recovery for enterprises, laying a solid foundation for their development. The consumption of sports goods has shown increasing business opportunities in today's rapidly developing economy. The sports goods industry is also seeking development in this market with expanding demand, and many international brands stand out in the fierce competition. Nike, founded in 1972, has become a leader in sports brands today. Nike's unique marketing strategy is the key to success. Nike's marketing strategy has important guiding significance for the development of the sports goods industry. This article takes Nike as an example, analyzes the impact of Nike's marketing strategy on the sports goods industry, discovers innovative points of Nike's brand marketing strategy, explores key factors for the success of the marketing strategy, and provides effective references for the sports goods industry.

Keywords: marketing, sports goods industry, SWOT analysis

1. Introduction

Marketing strategy is an important way and means for enterprises to develop and expand market space under buyer's market conditions. If businesses can adopt correct marketing strategies, they can enable sports enterprises to occupy a certain market opportunity and play a crucial role in expanding their influence in the increasingly fierce market [1]. Marketing, as an essential part of daily business operations, has a more significant impact on promoting the development of sports enterprises. Nowadays, with the development of science and technology, as well as socio-economic development, people are paying more and more attention to their health status, and their pursuit of sports goods is also becoming stronger. This has also to some extent increased the demand for sports goods and increased competition in the sports goods industry. Sports enterprises have also realized that only improving their product quality and reducing their product prices can no longer meet market demand, and need to rely on marketing strategies to improve their competitiveness. Marketing strategy can promote the smooth production and operation of sports enterprises, objectively enhance the intensity of competition between enterprises, promote the efforts of enterprises to optimize development, survive the fittest, and ultimately increase business profits for enterprises, improving the overall market structure. Therefore, the correct marketing strategy plays a very important role for sports

enterprises. Businesses can continuously alter their marketing strategies and concepts thanks to marketing, which helps them develop the best possible marketing strategy. In addition, it gives businesses advice on how to develop competitive advantages and offers a full range of competitive tactics for business expansion. Marketing focuses a lot of attention on researching businesses to suit their demands, develop their own unique corporate features, and ensure their market position at the strategic and decision-making levels. The 21st century is the era of a market economy, and the development of the global economy has changed the marketing ideas of various countries. In this era, traditional marketing strategies can no longer adapt to the new economic environment. Therefore, many sports enterprises have begun to change their thinking, innovate their marketing strategies from the perspective of product packaging, status, service, and connotation, and improve their market competitiveness. As is well known, the marketing activities of sports goods enterprises play an indispensable role in their development. As a well-known brand in the world sports industry, Nike was founded in 1972. Over the past 20 years, it has created and formed a spirit and concept that has condensed Nike's company principles, purpose, business philosophy, brand concept, innovation concept, and management concept, among other things. It attaches great importance to brand building and research on marketing strategies, forming a marketing strategy with Nike characteristics. Nike is also constantly developing and growing under the leadership of these distinct and powerful marketing strategies [2]. This article takes Nike as an example to conduct an in-depth exploration and analysis of Nike's marketing strategy. Through the main marketing strategies used by Nike, the advantages and disadvantages of marketing strategies, the opportunities and crises brought by marketing, and the importance of marketing strategies, combined with the actual situation of the sports goods industry and Nike itself, this article analyzes the impact of marketing strategies on the sports goods industry.

2. Nike's Main Marketing Strategies

Nike was established in 1972 and is now a well-known global manufacturer of sporting products, specializing in sports shoes, apparel, equipment, etc. Nike has always been pleased to support its athletes by providing the highest caliber goods. The company's entire marketing strategy is focused on helping players win games by providing quality items. Its most well-known catchphrase, "Just do it," has been put in advertising places throughout various cities, both big and small. Nike's main marketing methods include advertising, sports celebrity promotion, and sponsorship. On the one hand, Nike promotes its goods through its spokespeople, such as the partnerships with basketball greats Kobe Bryant and LeBron James; on the other hand, the majority of its commercials are upbeat and forward-thinking. By showing the picture of each athlete's hard work behind the game, they express that Nike is the same as every athlete. With a spirit of continuous innovation and progress [2], it has won the recognition and preferences of a large number of consumers.

2.1. Advertisement

The first means of marketing is always advertising. Nike spends billions of dollars annually on advertising and communication. Nike never directly promotes its products or brands, but instead adds plot, details, and even stories to the advertising content, leaving space for the audience to think about [2]. Nike's advertisements give people the feeling that Nike, like consumers, is an expert in the sports industry, and Nike understands all aspects of what happens in the sports industry. Nike's advertising types are extremely diverse, presenting consumers with an objective sports world. Nike advertising leads consumers into the sports world and allows them to experience the joy brought by sports. This is a comprehensive and three-dimensional marketing strategy that communicates with consumers, and it is not single or one-sided [3]. When creating Nike advertisements, the theme selection is closely related to the hot topics and brand communication is carried out using the attention of the hot topics

to enhance marketing effectiveness. In the era of short videos, a crucial medium for advertising communication is video. Nike's commercials include clear visual quality, a compelling story, distinct editing levels, and a developing plot. The background music also complements the video material, helping viewers to get fully immersed and improving the viewing experience. For example, Nike released "Champions' Choice & Future Boots, NIKE REACT's New Technology Helps You Dominate the Arena" on the WeChat platform in 2017. The advertising text is mainly a video, with the theme of Nike's new sneakers [4].

2.2. Sports Stars Promotion

Sports celebrity endorsement advertising is a commonly used promotional method in the sports goods industry marketing, where celebrities participate in the promotion of corporate products through their popularity and image. In marketing practice, the phenomenon of celebrity endorsement has long existed, and researchers in marketing have also explored and analyzed the effectiveness of celebrity endorsement. Celebrity endorsement is beneficial for establishing a corporate image, expanding the company's visibility and consumer familiarity with the company's products, and narrowing the distance between consumers and products. Consumers' attitudes towards endorsers will shift to the products they endorse, which helps them make purchasing decisions [5]. Nike invites sports stars to endorse it, promote the brand, expand Nike's influence, and enhance brand credibility. The image spokespersons of the Nike brand are top elites in various fields of sports, either superstars in football and basketball, or world champions in other sports. In the field of basketball, there is Michael Jordan, the god of the ball, and Kobe Bryant and LeBron James, who are the closest to the god; In football, there are also former World Player of the Year Ronaldo and Ronaldinho. These names are widely known and have countless followers and admirers, so the commercial profits brought by these world-class idols to Nike are also enormous. Nike has become the leader in the world sports goods market with the power of Michael Jordan, and Jordan has also become the first person to own a personal sports brand, which is Nike's most outstanding work in brand strategy. Jordan has created an unparalleled sports myth, and his aura of athletic performance has surpassed that of pure sports. His personal charm and infectious power are unparalleled. His strong market appeal undoubtedly played an important role in Nike's global bestsellers. Jordan's appearance in advertisements already exudes an indescribable spirit, and the psychological impact it brings to consumers is irreplaceable by others [3].

2.3. Sponsorship

Sponsorship is generally defined as "a business providing resources (money, personnel, equipment, technology, etc.) to organize and execute various activities in exchange for a direct relationship between the enterprise and the activity, in order to achieve the marketing or media goals of the enterprise." Sports sponsorship, on the other hand, refers to commercial activities that focus on sports, support and reward, exchange of benefits, and achieve organizational goals. Generally speaking, the basic functions of sports sponsorship are mainly manifested in two aspects: for sponsoring enterprises, it can expand the awareness of the enterprise and brand, enhance the corporate image, stimulate the morale of employees, promote the formation of product differentiation, and communicate with target customers in a targeted manner; For the sponsored party, it is beneficial to expand funding sources, increase social awareness of sports, activate the sports competition market, promote the steady improvement of sports competition level, meet people's sports appreciation needs, and expand the coverage of national fitness projects. Nike has always been committed to sponsoring national teams and league clubs, providing them with professional competition equipment. In addition to familiar sports such as football, basketball, tennis, and golf, Nike's sponsorship has also extended to other

sports fields, such as cycling, athletics, rugby, cricket, handball, baseball, water polo, ice hockey, etc. Different countries and regions have their strengths in sports, and by sponsoring different sports, Nike has promoted its brand to various parts of the world, enhancing its brand awareness. Taking football as an example, Nike sponsors up to 25 clubs in the five major European leagues [6].

2.4. Cross-border Cooperation

Cross-border cooperation is a social fashion trend in recent years. The concept of cross border is simply understood in the business context, which is to cross the industry boundary, gather different brand audience groups to carry out superimposed integrated marketing, stimulate the potential market value of industry brands, and enhance the cross-industry influence and social radiation of enterprise brands. The promotion methods of sports brands, such as event naming, sponsorship cooperation, celebrity and professional sports team endorsement, charity, etc., are limited to the sports professional field, and the rationality of this brand marketing strategy based on the target market is undeniable. Indeed, sports brands should be given greater space and potential in cross-border integration. Because the spatial capacity of the target marketing market is predetermined, the market potential for cross-border integration is unknown [7]. In recent years, Nike has been a successful example of popular cross-border collaborations. Nike's clothes, footwear, and other product designs are more in line with the fashion of young people when combined with another brand aspect, creating a brand effect of $1+1>2$, achieving a win-win situation. Nike continues to absorb fashion elements, increase cooperation with the outside world, and launch more limited edition and co-branded products that catch the attention of modern consumers. For example, the Air Force 1, a co-branded version of Kwon Chi Lung that sparked a craze in 2019, features a small daisy logo for its unique and creative design. The overall shoe is made of black leather and white sole, and the black marks on the side of the sole are also a highlight of this design, blending to some extent with the retro feel of the once popular dirty shoes. Taking advantage of the brand influence of Kwon Chi Long and the influence of Kwon Chi Long's global fans is undoubtedly an indispensable opportunity for Nike to break into the fashion industry. On November 18, 2021, Nike announced that it is partnering with Roblox to create a virtual world called "Nikeland" on Roblox's online gaming platform, marking the entry of sports goods giants into the metaverse. In the virtual world, users can play a variety of minigames like "Tag," "Dodgeball," and "The Floor is Lava" in Nike buildings, arenas, and stadiums. Nike Park is based on the real company headquarters and is currently open to users for free. Nike plans to incorporate some sports events to simulate global sports events. This may include football matches during the World Cup or flag-winning rugby matches during the Super Bowl. Nike has stated that it will continue to update the virtual world to integrate athletes and sports products. Players can also enter the digital display space, dress up their virtual image with Nike clothing, and check out Nike's latest products at any time. The object is modeled based on products sold by Nike in real life or products released in the past. Nike also allows future products to be spoofed or players to co-create products. With the explosion of the concept of "metaverse", companies such as Nike have seen the benefit of being able to appeal to a younger generation of athletes and win their love for its own brand, which might eventually result in physical sales. Nike analyst Sam Poser from Williams Trading, said that Nike Paradise not only instills brand information into children early on, but also uses it as a testing ground for the brand. He envisioned Nike World as a channel for Nike to experiment with new products and test their market effectiveness. If Nike sees a group of players wearing their experimental products at Nike World, there is a high probability that they will launch this new product in the real world, "Poser said. This is not the first time Nike has collaborated with Roblox, as the two companies had already collaborated on Nike Air Max Day in 2019. Nike has been discreetly preparing for the metaverse, and has lately submitted a number of new trademark applications to show how committed it is to producing and marketing virtual Nike footwear and clothing [8].

3. Nike's SWOT Analysis

3.1. Strengths

Firstly, Nike is a business that competes fiercely. It has a positive corporate identity, a solid reputation, and strong design and production ability. Secondly, Nike doesn't have a factory of its own. Nike may become a lean company that can outsource production anywhere high-quality products are made at the lowest possible cost because it won't be restricted by factories and employees. Thirdly, Nike has built its competitive advantage on its strength and resources. The strategy of outsourcing production maximizes the use of international resources in the production process. Retailers can obtain a transportation guarantee letter 5 to 6 months in advance using a "futures" ordering plan, which guarantees that 90% of goods will arrive at a set price and time. The marketing approach used by Nike's marketing staff always reflects the general public's opinion. Market strategy adapts swiftly to changes in the market and changes along with consumer preferences [8].

3.2. Weaknesses

Firstly, although Nike has a wide range of sports products, company market share in shoes continues to be the main source of company income. It will be significantly impacted if the global footwear market share decreases in the future. Second, the retail industry is extremely price conscious. Nike's primary source of income is selling merchandise to other stores. Nike's profits will be impacted as retailers attempt to apply some of the pressure of low price competition on the company. Thirdly, Nike's price has turned into a deadly flaw when it enters markets in poorer nations. Nike's price is greater than that of local brands, there is a difference in local consumption levels, product comfort and quality also need to be improved. Fourthly, Nike faces numerous managerial issues. Nike has opened up a wide range of contract manufacturers from low-labor-cost countries, resulting in a significant cost reduction. But in the United States, Nike continues to face protests from some civil society groups, forcing Nike to increase the wages of overseas shoe workers [8].

3.3. Opportunities

Firstly, there are high entry barriers in this field. The sports shoe industry in the United States is composed of branded companies that do not require factory production. The costs of advertising, product development, sales networks, and exports are lower for large businesses. More significantly, brand personality and customer loyalty act as imperceptible obstacles to entry. Second, suppliers have little negotiating leverage. Over 90% of production was concentrated in nations with low wages, a vast oversupply of labor, and poor negotiating strength after Nike started a wave of outsourcing. Third, there is minimal room for new competitors in the competitive and crowded US sports shoe market. With more than 50% of the market share, Nike, Adidas, and Reebok are the three leading companies. Finally, Nike's business has been able to grow worldwide because to the strong global brand recognition of the company.

3.4. Threats

Firstly, Nike is struggling with international trade. Since it buys and sells things in several currencies, costs and profits are unable to remain stable over the long term. All international brands struggle with this issue. Second, there is intense market competition for athletic footwear and clothing. To capture Nike's market share, rivals are working to develop substitute brands. Thirdly, due to the threats discussed above, the retail sector is becoming price competitive. This ultimately means that

consumers are comparing their products to other stores in search of more cost-effective transactions. Consumer price sensitivity has developed into a possible external danger for Nike [9].

4. The Importance of Marketing Strategy

4.1. Increase Brand Awareness

Marketing strategy can increase brand awareness and form a competitive advantage for the brand [10]. The current consumer market is different from before, and many consumers are gradually becoming rational and calm, not blindly following the trend, only choosing the most suitable products for themselves. By using marketing strategies to determine consumer needs and create a brand competitive advantage, it can stimulate consumer demand for products, promote purchasing power, deepen brand influence, accelerate enterprise development, and gain more consumer recognition.

4.2. Increase Company Profits

By utilizing marketing strategies well, enterprises can achieve rapid profit growth. Sports goods enterprises have established a good positioning for their customer base in the production process, but it is challenging for them to swiftly grasp the market and produce income for their items because of the market's pervasive phenomena of product homogenization. For businesses that manufacture sports products, marketing strategy, a highly skilled management technique, is crucial in boosting product sales and capital return. As a result, marketing should be seen as a crucial tool for businesses seeking to raise their profits quickly, and ensure that marketing strategies are effective [10].

5. Conclusion

This article takes Nike as an example to analyze the impact of marketing strategies on the sports goods industry from various aspects such as Nike's main marketing strategies, advantages and disadvantages of marketing strategies, opportunities and crises brought by marketing strategies, and the importance of marketing strategies. Through the research and analysis of this article, it can be seen that marketing strategies have both advantages and disadvantages. The marketing strategy not only provides opportunities for the development of the sports goods industry but also brings corresponding crises to the sports goods industry. Taking Nike as an example, Nike has used marketing strategies, over the past 60 years, it has gone through ups and downs in its development, confronting various obstacles and inspiring various legends. Nowadays, Nike has its own advantages and external opportunities, as well as its own disadvantages and external threats. Nike is able to expand into new foreign markets, which also allows it to reach new heights. The success of Nike's market expansion will depend on whether real localization can be accomplished in these new areas. Marketing strategy is crucial for the development of the sports goods industry. For sports goods enterprises to maintain their advantages in the increasingly fierce market competition, increase brand awareness, obtain high profits, and achieve rapid, healthy, and stable development, they must learn to correctly use market marketing strategies, establish their development strategies based on marketing methods, and plan their marketing strategies, To achieve a dual promotion of marketing and service in the sports goods industry, providing sufficient impetus for the development of enterprises.

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