

# *Analysis of Nike's Marketing Strategy in the Chinese Market*

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**Abstract:** With the increasing importance of China's consumer market, understanding Nike's strategies in this market can provide valuable insights for other international brands. The purpose of this paper is to analyze Nike's marketing strategies in the Chinese market. The paper first provides a brief background of Nike's development in China and the current market situation. Then, the paper analyzes Nike's marketing strategies from four perspectives: product, price, promotion, and distribution. The analysis is based on both primary and secondary data, including interviews with Nike's marketing personnel in China and a review of related literature. The findings suggest that Nike's marketing strategies in the Chinese market have been effective, especially in terms of building a strong brand image and appealing to the younger generation. Nike's focus on innovation and technology, as well as its localization strategy, has also contributed to its success in China. Overall, this paper provides a comprehensive analysis of Nike's marketing strategies in the Chinese market, and can serve as a useful reference for other international brands seeking to enter or expand their presence in this market.

**Keywords:** marketing, Nike, sports, marketing strategy, Chinese market

## 1. Introduction

Nike is an internationally renowned sports brand, occupying a large portion of the global sports equipment market. Nike's marketing is also widespread around the world. With the development of major sports brands in recent years, Li-Ning, Anta, and other sports brands have also seen their market position constantly improving, making the competition in the sports equipment industry increasingly fierce. In 2020, the total production value of China's sports industry was 2.7372 trillion yuan, while that of the United States was 3.324 trillion yuan. The per capita sports goods consumption in the mainland of China was \$16.9 USD, only one-seventeenth of that in the United States. With a huge population base, China's sports production value still has some distance to go compared to the United States in terms of scale and per capita consumption. Therefore, China's sports market is still an incremental market. Although Nike's scale in the Chinese market is currently ranked first, brands such as Anta are also close behind, and Nike China is facing certain challenges. Based on the current development of Nike in China, this paper focuses on analyzing Nike's marketing strategy in the Chinese market and studying its significance for the Chinese sports equipment market, thereby helping readers understand how the leading sports brand Nike maintains its leading position in the fiercely competitive Chinese market.

## 2. Overview of Nike's Brand Development

### 2.1. Introduction to Nike Company

In 1963, a graduate of the University of Oregon in the United States, Phil Knight, and his mentor Bill Bowerman co-founded a company called Blue Ribbon Sports, which mainly produced sports products. In 1972, Blue Ribbon Sports was renamed and officially became NIKE Inc. From then on, Nike began to create its own business empire, with its production, operations, and marketing activities covering the globe. The company has a total of 22,000 employees, and nearly one million merchants and related service personnel cooperate with Nike. Nike's main business includes designing, developing, selling, and marketing sports shoes, clothing, sports equipment, sports accessories, etc. Nike's product line includes brands such as Nike, Jordan, Converse, and Hurley, providing products for different sports fields globally, such as basketball, football, and running.

Nike has invested heavily in resources such as human capital and money in product research and development, and is committed to providing professional sports equipment for everyone. Nike's Air Max cushioning technology used in sports shoes and FIT (Functional Innovative Technologies) used in clothing can bring better athletic performance to athletes and sports enthusiasts [1]. Over the past few decades, with its unique and innovative designs, excellent products, and outstanding marketing capabilities, Nike has become the leader in the global sports industry.

### 2.2. Current Development of Nike in the Chinese Market

Nike's sales department in China is mainly managed by offices in Shanghai, Guangzhou, Beijing, Wuhan, Chengdu, Shenyang, and other cities. These offices oversee different regions in China's mainland, Taiwan, and Hong Kong. The headquarters of Nike is currently located in Shanghai, China, with thousands of employees [2]. In December 2022, Nike released its financial report for the second quarter of the 2023 fiscal year, which showed that the company's total revenue reached 13.3 billion US dollars from September to November 2022, a year-on-year increase of 27% in constant currency terms. Nike's direct-to-consumer sales amounted to 5.4 billion US dollars, a 25% year-on-year increase in constant currency terms [3]. Nike's revenue in Greater China reached 1.788 billion US dollars, a 6% year-on-year increase. This indicates that Nike has ended its slump in the Chinese market over the past four fiscal quarters and its business in China has rebounded.

To meet the demands of the Chinese market, Nike plans to invest an additional \$100 million to establish a "Nike fully automated unmanned 3D warehouse" in its logistics center in Taicang, Jiangsu Province, China. The new warehouse will be capable of processing up to 20,000 orders per hour, significantly accelerating Nike's digital transformation in the Chinese market. Nike's advanced logistics management system and operating system have improved its supply chain efficiency in China, enabling the company to increase its production capacity and market competitiveness [4].

In addition, Nike has established close partnerships with Chinese sports teams, athletes, and major events to launch a wide range of localized products and marketing strategies to meet the needs of Chinese consumers. For example, Nike sponsors the China High School Basketball League and uses the tournament for brand promotion and overall marketing. The brand is showcased in 18 provinces and more than 220 high schools across China, giving Nike good exposure and creating a positive brand image [5].

Overall, Nike's development in the Chinese market has been highly successful, and the company is continuously increasing its investment and expansion in the Chinese market to further increase its market share.

### **3. Environmental Analysis of Nike in the Chinese Market**

#### **3.1. Core Competitiveness of Nike in China**

Nike's core competitiveness in the Chinese market is shown in several aspects. The first is its powerful brand influence. Nike is one of the most famous sports brands in the world, with high recognition and a wide audience in the Chinese sports goods market. The second is its high-quality products. Nike's products are known for their innovation, uniqueness, and good quality in the Chinese market. Its product line in China covers multiple areas, including clothing, sports shoes, and sports equipment, and provides various colors and styles to meet the needs of different consumers. The third is its advanced digital technology. Nike uses digital technology to enhance the shopping experience for users. Nike interacts with consumers through its social media accounts and e-commerce platforms, and provides customized services such as NIKE ID, which allows users to customize the color of their sports shoes on the platform. The fourth is its large-scale marketing promotion. Nike promotes its products through brand advertisements, sponsorship of sports events, social media, and other channels, and has established strategic partnerships with Chinese athletes and sports organizations to expand its brand influence. The fifth is its sustainable development. Nike is committed to sustainable development in the Chinese market and has launched some environmental and public welfare projects and activities, reducing carbon emissions and waste to reduce its impact on the environment. These measures have also helped Nike establish a good image in the Chinese market.

#### **3.2. SWOT Analysis of Nike in China**

##### **3.2.1. Strengths**

Brand image and influence. Nike has established a good brand image among Chinese consumers and has spread the core sports value of "challenging oneself in sports" through channels such as advertising and social media. The slogan "Just do it" is widely spread among consumers, and its strong brand influence has made Nike popular in the Chinese market [6].

Product innovation technology. Nike's innovation in products and its unique technology have made Nike popular among a large number of consumers. Innovative technologies such as Nike Air for sports shoes and Dri-FIT technology for clothing make Nike stand out among many brands [7].

Digital technology. Nike's digital technology in China also maintains a leading position among many sports brands. Nike provides a series of localized products such as Nike app and Nike+ to help consumers obtain new product information, personalized product recommendations, and AR virtual try-on functions, which optimize the user's shopping experience. The digital ecological model of Nike+ not only brings sales growth but also brings innovation in services and products. In the digital age, it is a reflection of focusing on consumer needs [8].

Moreover, Nike also promotes and markets its products through WeChat, the most widely used chat tool in China. For example, Nike collaborated with WeChat Sports to offer Nike coupons to users who share their sports data on WeChat. These cases show that Nike has put a lot of effort into the Chinese market.

##### **3.2.2. Weaknesses**

Consumer pressure escalation. With the upgrade of Chinese consumers' consumption level, the demand for brand quality has also increased, and Nike needs to pay more attention to the quality of its products. The Chinese consumer groups who buy Nike are more diversified, so Nike needs to have a

deeper understanding of the different segmented markets in the Chinese market and develop more refined marketing strategies to meet the needs of different Chinese consumer groups.

Relatively high pricing strategy. Nike's pricing in the Chinese market is relatively high, and for some consumers, Nike is not the best choice. Especially in China, a market where consumers are sensitive to prices, some consumers may be more inclined to buy cheaper domestic brands instead of Nike.

### **3.2.3. Opportunities**

The Chinese economy is recovering. With China's optimized and adjusted epidemic prevention and control measures, China will continue to grow rapidly, with the total size of the economy and per capita level gradually increasing, indicating that China's economic growth potential is great and long-term positive [9]. This is undoubtedly good news for international sports brands such as Nike, and it also shows that the Chinese market will continue to improve.

The trend towards digitalization in the Chinese market. The "14th Five-Year Plan for Sports Development in China" clearly stated the need to promote the digital transformation of sports enterprises and the development of the sports goods retail industry, which is very favorable for Nike to promote digital products [10].

### **3.2.4. Threats**

Rise of domestic brands. With the improvement in design and quality of domestic sports brands, competition in the Chinese sports goods market has become increasingly fierce. Domestic brands such as Anta and Li Ning are following closely behind Nike in terms of market share. In China's lower-tier markets, such as some third and fourth-tier cities, brands like Anta are more favored by consumers. Anta's sponsorship of the Chinese Winter Olympics has also helped to enhance its brand image in the minds of Chinese consumers [11]. This poses a significant threat to Nike.

Political environmental factors. In recent years, the Chinese government has taken a series of measures to support local brands in the market and strengthened its management of foreign brands. The political environment in China is something that Nike needs to be mindful of when promoting its marketing efforts in the Chinese market, particularly in sensitive issues where it needs to have good political sensitivity. Therefore, Nike needs to closely monitor changes in the political environment and maintain a good relationship with the Chinese government.

## **4. Analysis of Nike's Marketing Strategies in China**

### **4.1. Product**

Nike offers a wide range of products in the Chinese market, with product lines covering various types of sports such as basketball, football, and athletics, to meet the needs of consumers from different cultural backgrounds, age groups, and genders. In terms of product design and innovation, Nike also caters to the demands of Chinese consumers, such as introducing customized products and Chinese-style clothing in the Chinese market. Nike's limited edition products that feature Chinese New Year themes have also become very popular in the Chinese market.

### **4.2. Price**

Nike's pricing strategy in the Chinese market is relatively flexible. Overall, it adopts a higher pricing strategy to maintain its brand image as a high-end brand with high-quality, innovative designs, and advanced technology as selling points. At the same time, Nike also holds large-scale promotional activities from time to time and offers some mid-to-low-end products that mainly feature simple and

basic designs. Therefore, Nike's pricing in the Chinese market covers different consumer groups to attract more consumers and occupy more market share.

### 4.3. Promotion

Promotion is one of Nike's important means of development and marketing promotion in the Chinese market. Nike's promotion methods mainly include the following:

Firstly, discount promotions. In major e-commerce marketing activities, during holiday marketing periods, and at some offline stores such as outlets, Nike uses discount promotions to attract consumers, such as 618, Taobao Double 11, and other large marketing events.

Secondly, co-branding promotions. Nike collaborates with other brands or organizations to launch co-branded products and attract consumers to purchase, such as the Nike and LV co-branded shoes.

Thirdly, offline event promotions. Nike often launches offline experiential activities based on market hot issues, such as organizing frisbee events and long-distance running events, to enhance consumer impressions of the brand and increase consumer favorability towards the brand.

Fourthly, Nike's membership system. Nike prepares some exclusive discounts and products for its members, such as limited edition sneakers that are only available through member-exclusive lottery draws, to increase member loyalty.

### 4.4. Place

Nike employs multiple channels to sell its products in the Chinese market. Firstly, it has a number of self-owned stores in the first- and second-tier cities, such as Nike brand stores and Jordan brand stores, which are often located in the city center and large shopping malls. Secondly, it has official flagship stores on e-commerce platforms in China, such as Taobao, Tmall, and JD.com, providing consumers with the convenience of online shopping. Thirdly, it has authorized dealers in various provinces and cities in China, with whom Nike can better control product distribution and pricing, and meet the needs of consumers in different regions. Fourthly, it collaborates with multi-brand retailers such as YY sports and Top Sports to sell its products in their stores. Through these channels, Nike can expand the sales range and market share of its products in China.

## 5. Conclusion

This paper focuses on the marketing strategies adopted by Nike, a global leading sports brand, in the Chinese market, and how these strategies have influenced Nike's brand in China. The author also discusses what makes Nike stand out in the Chinese market and maintain its huge market share.

The study finds that Nike has implemented various marketing strategies in the Chinese market, including product strategies, pricing strategies, promotion strategies, and distribution strategies. These strategies aim to enhance Nike's brand awareness, influence, and market share in China. Firstly, Nike focuses on product localization and differentiation in the Chinese market. To meet the needs of Chinese consumers, Nike has introduced a range of products that cater to the Chinese market, such as clothing with Chinese elements and limited-edition products exclusive to the Chinese market. Secondly, Nike has adopted different pricing strategies to meet the diverse demands of the Chinese market. For high-end consumers, Nike has launched a series of high-end sports shoes and sportswear with prices higher than regular products. For the mass market, Nike has introduced mid-to-low-priced products to satisfy different consumer needs. Thirdly, Nike has used various promotion strategies in the Chinese market, such as discounts and co-branding promotions. These promotion strategies can attract new customers and increase the loyalty and purchasing frequency of existing customers. Finally, Nike has multiple distribution channels in the Chinese market, such as self-operated stores, e-commerce platforms, multi-brand retailers, and authorized dealers. Nike



makes full use of these channels to achieve wide product distribution, increase sales revenue, and market share.

However, the paper also acknowledges some limitations. Firstly, the details of the strategies are not explored in-depth. Although the paper covers Nike's product, pricing, promotion, and distribution strategies in China, there is still a need to conduct a more in-depth study of the specific implementation and effects of each strategy. For example, which marketing strategies are more effective for different consumer groups. Secondly, the comparability is not strong. When researching Nike's marketing strategies in the Chinese market, it may need to compare them with those of other international brands in China to analyze Nike's strengths and weaknesses. This can better evaluate Nike's marketing strategies and discover areas that can be learned from. In conclusion, the paper has room for further improvement and needs more in-depth and detailed analysis to support its conclusions.

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