

Research on the Existing Problems and Optimization Strategies of Nike sports Goods Brand Marketing

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Abstract. Nike is a well-known sports brand globally; It not only includes clothes and shoes but also creates a lot of sports goods. Nike's performance in the Chinese market in recent years is not very good, and other established overseas sports brands have also suffered setbacks in the Chinese market. Nike, for example, reported annual revenue from Greater China of \$7.547 billion in 2022, down 9% from a year earlier. It's not just Nike. Adidas reported its Q2 2022 financial results on August 4, 2022, with a net profit of 3.09 euros, down 24.2% from a year earlier. Based on Nike's major marketing strategies in China from 2019 to 2022, this paper discusses the changes Nike can make in its sales strategies in the future and analyzes the Chinese market environment to find out the opportunities, advantages, and disadvantages Nike currently has in the Chinese market. To achieve the integration of brand culture and do a good job of localized marketing, develop the sporting goods market while striving for market space for Nike.

Keywords: Nike; Existing problems; Optimization strategies; Brand marketing.

1. Introduction

1.1 Research background

Nike is a well-known sports brand globally; it not only includes clothes and shoes but also creates a lot of sports goods. It was the most recognizable sports brand in the world. Nike changed the way sports brands think about innovative product design. It changed the way sports brands collaborate with athletes. It even changed people's perception of a sports goods company. Like Air Jordan sneakers, famous athlete endorsements, and the swoosh logo. But is that all there is to what Nike is doing? Or is there something deeper behind their strategy and tactics? [1]

Since the '70s, Nike's marketing landscape has changed, and Nike's marketing strategy has also changed. Nike has changed in response to different eras of the market. In addition, in the process of adapting to the market, Nike's brand influence has not been reduced. The key is to understand that while their overall aesthetic and strategy have changed with The Times, their customer-focused message has remained consistent throughout [2].

In the 1980s, most sports brands were made for sports professionals. At the same time, Nike has set its sights on ordinary people who also like sports (especially teenagers). Nike is trying get into do both markets. In order to do that Nike has to become an icon, a sport culture. Nike is reconsidering to balance catering to popular awareness and promoting athletic achievement.

The key to Nike's success is controlling the teenagers. In the teen market, there is this group of people. They are fascinated into sports, and they all have a sports idol in their hearts, they want to be taken seriously, they have a rich imagination, and they are full of dreams. Aiming at this characteristic of the teenage consumers, Nike has signed some big names and popular sports stars, such as Ronaldo, Drogba, Ronaldinho, Torres, and so on.

Nike's current organizational structure in China is divided into mainland China, Hong Kong, and Taiwan. And Nike divided China into the northeast region, the eastern region, the southern region of three district city management. The sales department mainly adopts the structure of Shanghai headquarters, Chengdu, Shenyang, Beijing, Guangzhou, Wuhan, and other five offices in different regions. Nike first moved into the new headquarters in 2014. Until now, Nike's headquarters had been located in Shanghai's Hang Lung Plaza. In 2010, Nike completed construction of a 120,000-

square-kilometer logistics center in Jiangsu province. The project is Nike's largest logistics center in Asia and will handle the logistics of footwear, apparel and sports equipment products. [3].

This paper mainly studies the reasons for the success of Nike and its marketing strategies through the guidance of economic theories and models. It analyzes the development prospects of the Nike brand in China.

1.2 Literature review

Zhao analyzes Nike's marketing using spreading brand spirit. After analyzing the concept and evolution process of sports marketing communication, this paper takes Nike company as an example to discuss Nike's brand spirit communication in the process of sports marketing communication. Qi and Cheng introduce Nike's integration strategy in advertising communication and analyzes Nike's product and brand strategy. Through analyzing the successful experience of Nike's growth, Ma points out the successful thinking of Nike's brand marketing and how to improve the market competitiveness of Chinese enterprises. Ni proposed that the success of Nike's brand marketing strategy is summarized, and the marketing strategy of Nike is analyzed. To take its essence, this paper found that China's sports goods industry of technological innovation ability is poor, lacking strong brand awareness, advertising propaganda, and world-famous enterprises such as large gap problem. Based on the analysis, this paper suggests some practical methods to solve these problems, finally to the sporting goods industry in our country on the use of marketing strategy to provide some reference for reference.

1.3 Research gap

Most scholars use case analysis to study Nike's successful strategy and to show Nike's marketing strategy by analyzing every decision made by Nike. In order to analyze how successful Nike was in the past and why the Chinese market received people's following. In contrast, this article focuses on the future and analyzes the future development of Nike in the Chinese market by analyzing the current situation of Nike.

1.4 Research framework

Use economic theory to analyze the success of Nike, SWOT, PEST analysis, and Porter's five forces to analyze the competitive ability of Nike.

2. Methods

2.1 SWOT analysis

SWOT analysis is to analyze the external and internal factors of an enterprise so as to find out the decisions and changes that the enterprise should make in the future. S(strength) is strength, W(weakness), O(opportunity) is opportunity, and T(threat) is threat. This analysis method conducts a comprehensive analysis of an enterprise from these four directions. By using this method, the situation of the research object can be studied comprehensively, systematically and accurately, and corresponding development strategies, plans and countermeasures can be formulated according to the research results.

3. Results

3.1 Nike's current situation

By June 28, 2022, the stock of the US sportswear giant Nike fell nearly 7%, losing \$12 billion (80.5 billion yuan) of market value in a day. Its intraday stock price once fell to \$102.48 per share, the lowest since August 2020. Nike has lost ground in China for three quarters in a row, and the

decline in greater China accelerated in the fourth quarter, falling 19% from a year earlier. More than \$80 billion was wiped off Nike's market value overnight on June 29.

On June 27, Nike reported its fiscal 2022 fourth quarter and full-year results, which ended on May 31. In the fourth quarter ended May 31, Nike's revenue fell nearly 1% year over year to \$12.23 billion, the first decline since September 2020, when the pandemic was in full swing. Net income also fell 5% to \$1.439 billion.

Nike has lost its most important market, China, for three straight quarters. Revenue in Greater China fell 19% to \$5.11 billion in the fourth quarter, after falling 20% to \$1.844 billion in the second quarter and 5.2% to \$2.16 billion in the third [4].

3.2 Behavior of consumers

In the early 1900s, young Chinese loved Nike because it was scarce. But between 2010 and 2022, brands started to increase, and Nike became ubiquitous. The younger generation in China is no longer very interested in Nike shoes. Nike's loss of China's young market comes in three stages. Early during the pandemic, younger consumers began to fashion niche brands of shoes and clothing on social media sites like Tiktok Bilibili. More people are promoting their local niche brands. Meanwhile, former competitors like Adidas and Reebok are doing their best to promote their wares. After the epidemic ended, Nike and some Western apparel brands began a collective boycott of Xinjiang cotton, which was found to be substandard. This made people in China very unhappy. During this period, there were no artists to advertise for Nike, and Nike was not seen on any major online platforms. Finally, Nike has not caught the heart of the young generation. How many people after 80 like basketball, but how many like e-sports in this network-developed society now? But Nike does not realize this. Sports brands like Li Ning Anta have invested more than Nike in esports animation. As a result, consumers' attention to Nike has fallen sharply.

3.3 Marketing strategy to be improved

Nike's sales advantage lies in its product innovation and technological innovation. Therefore, if Nike hopes to increase its sales in the Chinese market, it must continuously innovate and make technology that other niche sports brands cannot follow. According to the analysis of the SWOT model, Nike's market share is still the first. Nike has always maintained its penetration of various cities, and its products can be easily bought in China, which is also of great help to its sales of Nike. Finally, Nike is also very competitive in the market. Although people have not recently paid much attention to Nike, its popularity is still the highest. And many sports stars also choose Nike's products, which makes Nike a great market appeal. All Nike has to do is continue its strategy in the '90s, seeking out celebrity sports endorsements for positive publicity. Beyond the tech side, Nike has created interesting and moving backstories for his products. From the sales, we can see that Nike tells stories that move customers, and customers love and support these stories. Who can inspire and encourage ordinary people to keep running and practicing to reach their health or sports goals? Nike has done that since the beginning. Because its founders were athletes, they could tell authentic stories [5]. This benefits Nike's sales, and they should keep this creative storytelling.

4. Discussion

4.1 Products

After the successful hosting of the Olympic Games in 2008, our domestic enthusiasm for fitness has gradually risen, and the demand for sports products is also rising. [6]. As a mainstream sports brand in the Chinese market, this is also a perfect opportunity for Nike [7]. Nike also has to make product changes to meet the needs of Chinese consumers in recent years. Since the beginning of its business, Nike's products have always been focused on running sports products because, in the 20th century, the common sports ground of Chinese people was not very perfect. Most people think running is the best way to keep fit, but with the popularization of sports knowledge. People realize

that running is not a perfect way of exercise. First of all, it is easy to hurt the knee joint when running, and for most people, running can only exercise cardiopulmonary function but does not play a good role in exercise. In recent years, people have had to stay at home due to the epidemic and China's epidemic prevention policy. This causes people to become more obese because they can't go out. Because of the limited exercise space, running is no longer the mainstream sport; instead, it is yoga and skipping exercises. So Nike needs to make some changes to its products. Nike should focus on home sports instead of innovating in professional sports. In the wake of the pandemic, eBay sales data show that sales of at-home fitness products have increased by thousands of percent compared to the same period in 2019. Sales of home fitness equipment have broken all sales records since March, Blue Ocean Yiguan has learned. An analysis of eBay data from more than 3 million orders shows that dumbbells and activity trackers are the most popular products as people become more health conscious during the 2020 stay-at-home period. EBay's dumbbell sales were up 19.80 percent between March and April 2019, while weight-bearing plate sales were up 13.55 percent over the same period. So Nike's traditional sports products fell out of favor.

4.2 Propaganda

They Utilize the Power of Influencers; one thing that makes Nike so successful with their advertising campaigns is the athletes who endorse them. People like Michael Jordan, Tiger Woods, and Serena Williams all help promote this idea of being athletic or active. [8]. During the fiscal fourth-quarter earnings call, Nike executives casually mentioned that sales of the Jordan brand rose 31 percent to a staggering \$5 billion in the just-ended fiscal year. There are millions of young people in China who are crazy about it. They will stay late in line or lottery to buy the latest color scheme and shoe shape. The Jordan series was so popular that it was discontinued in 2014. Analysts remain impressed with the momentum of the Jordan brand and expect it to continue to be key to Nike's profitability in the coming years. 'Jordan is a brilliant brand, and the combination of heritage and innovation will continue to drive that momentum,' BMO Capital Markets analyst Simeon Siegel said in a note to clients. [9]. They have also used Nike Phenomenal Shots. During the FIFA 2014 World Cup, Nike partnered with Google to create the 'Nike Phenomenal Shot'. Real-time display ads were delivered to fans when a Nike athlete scored a goal. Fans could also rotate their players around in 3D and they can share it on social media [10].

4.3 Price

Among the popular sports brands in China, Nike still has a big advantage in children's sportswear. Many parents are willing to pay more for Nike sneakers than Li Ning or Anta for their kids, so Nike doesn't have to worry too much about price competition regarding sports products for teenagers and kids [3]. Instead, it continues its hunger marketing strategy, similar to how luxury goods operate. Nike has recently begun lowering prices to increase price competitiveness with brands such as Li Ning Anta. But lowering their prices in this way gives consumers a cheap feeling, which is not good for sales.

4.4 Sales promotion strategy

At present, Nike's discount marketing strategy mainly has three kinds, quantity discount, promotion discount, and functional discount. Nike offers a 10% or 95% discount on purchases of two or more items, a sales measure that facilitates joint sales of similar items. This kind of promotion helps solve the inventory accumulation of products. However, due to the epidemic, most clothing industry has low sales, so many clothing industries have a lot of discounts, some as low as 20%. Therefore, Nike should give more deep discounts according to the big promotion and store activities.

5. Conclusion

This paper mainly takes Nike as the research object, studies the current situation of Nike, and analyzes its competitors, opportunities, and its advantages and disadvantages. Figure out what changes Nike should make in the future. It summarizes Nike's products, marketing strategies, and discount measures respectively, and puts forward improvement measures. Due to the recent epidemic, professional sports products should be adjusted to simpler home sports products to respond to buyers' demand for easy-to-use sports products in a limited space. Secondly, in the propaganda strategy, Nike should continue to adopt the measures of star publicity. In terms of price, Nike should not reduce the price too much to increase competitiveness. Nike should maintain its style. Finally, in terms of discounts, Nike should increase its discounts to increase its competitiveness.

This paper summarizes the most classic Swot theory in marketing and the widely used 4P marketing theory. These theoretical contents play a good guiding role in the subsequent cause analysis and optimization strategy. However, this paper mainly uses secondary data and lacks primary data and materials. Future research will be conducted through surveys and interviews.

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