

The Analysis of Nike's Marketing Strategy from Social Media and Consumer Psychology & Behavior

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Abstract. In recent years, a growing number of people have increased their awareness of leading a healthy lifestyle and joined the global fitness movement, which stimulates people's desire to purchase more satisfactory sports products. At the same time, the rapid development of social media has brought opportunities to many sporting goods companies. Nike, as the leading sportswear company around the world, is selected as the research object of this paper. By collecting Nike's global market share as well as revenue from the footwear segment compared with other companies and conducting an analysis of the data along with some special examples, this essay is aimed at exploring Nike's marketing strategy from social media and consumer psychology & behavior. According to research findings, Nike has some good sides to learn but still exists several deficiencies. It successfully develops cultural marketing and community marketing through social media and simultaneously uses hunger marketing, identity marketing, and green marketing according to consumer psychology and behavior. However, though there are many strengths and opportunities, Nike still faces many weaknesses and threats because of high prices, limited supply, strong competitors, quality problems, and others, which may slowly lower its reputation among consumers. These results can help Nike as well as other sports brand companies to realize and improve their weaknesses to make a better marketing strategy.

Keywords: Nike; marketing strategy; social media; consumer psychology & behavior.

1. Introduction

With the improvement of people's quality of life, the high pressure of society, and the growing yearning for a better life under the influence of COVID-19, the mounting number of people start to pay more attention to health and fitness, and the consumption of high-quality sports goods has become an indispensable part of most people's lives. Hence, in this paper, Nike, as the leading supplier of sports product, is selected as the research object. The pandemic has also stimulated the booming development of social media, which has further promoted consumers' willingness to shop on social media buying platforms. Therefore, one of the ways to analyze Nike's marketing strategy in this paper is through social media.

Marketing strategy is not only about an enterprise or the whole business community, but also about the consumers and the whole society. Thus, consumer psychology and behavior are also quite significant parts of the marketing strategy in this paper. A good marketing strategy can promote development and bring more economic benefits for the company, meet the needs of consumers, and constantly bring new things to the society so that its value can be seen by the crowd. Besides, coming up with a marketing strategy is like preparing something carefully before really doing it. Non-strategic marketing activity makes people lose their way, on the contrary, an effective marketing strategy guides people to achieve great success. However, revisiting the marketing strategy is also of great significance [1]. By analyzing Nike's marketing strategy from social media and consumer psychology & behavior, more business opportunities could be discovered, and more sporting goods companies can better serve consumers and expand their influence on the whole society.

The topic of this essay is Nike's marketing strategy. Firstly, there is a company description at the beginning, including Nike's background information and its business performance, explained with some statistical charts in recent years as well as some historical achievements, then follows the important marketing strategy analysis from social media and consumer psychology & behavior

aspects. The next is the analysis of Nike's SWOT along with some recommendations and finally the conclusion.

2. Company Description

2.1 Background Information

Nike's story has been written since 1964, when a company called Blue Ribbon Sports, the predecessor of Nike, was founded by Phil Knight and his mentor Bill Bowerman. In 1971, the company's name was transferred to Nike till today. It was headquartered in Portland, Oregon, the United States, and then began to expand into the international market in 1978 [2]. After a long history of constant exploration and innovation, Nike has now become the world's leading supplier of athletic brands and has gained a large number of loyal fans.

The product portfolio of Nike is mainly about sports, such as footwear, apparel, sports equipment, and many others. In product development and manufacturing, Nike attaches great importance to innovation and high quality.

The name Nike can be traced back to the goddess of victory called Nike in Greek mythology, and its logo symbolizes the feathers of the goddess's wings, standing for speed, movement, softness, and vitality [2], which together with the slogan "Just do it" embody the core value of the spirit to challenge oneself.

Nike has two missions, one is "To bring inspiration and innovation to every athlete in the world", and the other is "If you have a body, you are an athlete" [3]. The two sentences not only encourage every person to hold an active and positive lifestyle but also well explain why people from all walks of life choose Nike.

2.2 Business Performance

From its humble beginnings as a small agency to the world's leading supplier of sports brands, Nike has brought about many positive changes to the sports circle as well as the whole world and has maintained excellent business performance.

In 1987, Nike pioneered the Nike Air, a technology that can slow down the vibration by injecting compressed air into a tough synthetic rubber layer to protect the knees of the athletes [4]. The deep cultivation of this core technology brings up a constant stream of new shoes of high quality.

Apart from the above performance, Nike has always held a large-scale market share in athletic footwear since 2011.

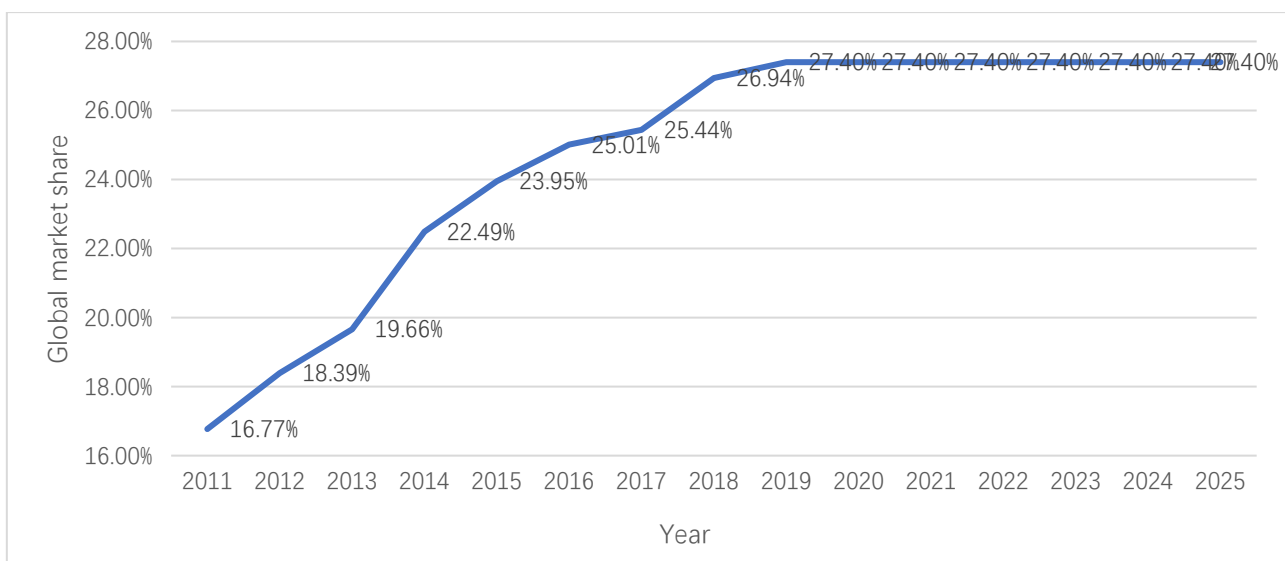


Fig. 1 Forecast of Nike's global market share in athletic footwear from 2011 to 2025

As Figure 1 illustrates, Nike's global market share increases every year from 2011 to 2019, and the stationary data of 27.4% of the forecast since the year 2019 indicates Nike's unshakable influence in the global sneaker market. Also, Figure 2 below clearly demonstrates that Nike has almost half of the sportswear market share in 2021, nearly twice as much as Adidas which comes in second. And the other six companies have far smaller market share than Nike, which still takes the lead.

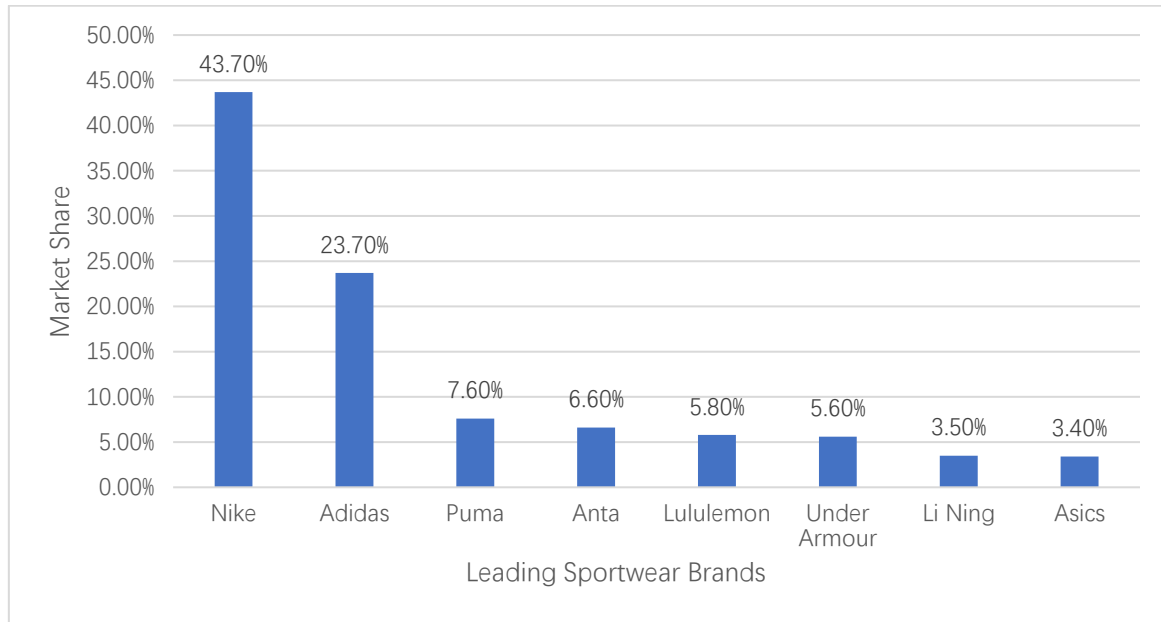


Fig. 2 Market Share of Leading Sportswear Brands (2021)

Compared to other well-known sneakers, in the past decade or so, Nike's revenue in the footwear segment always stands out.

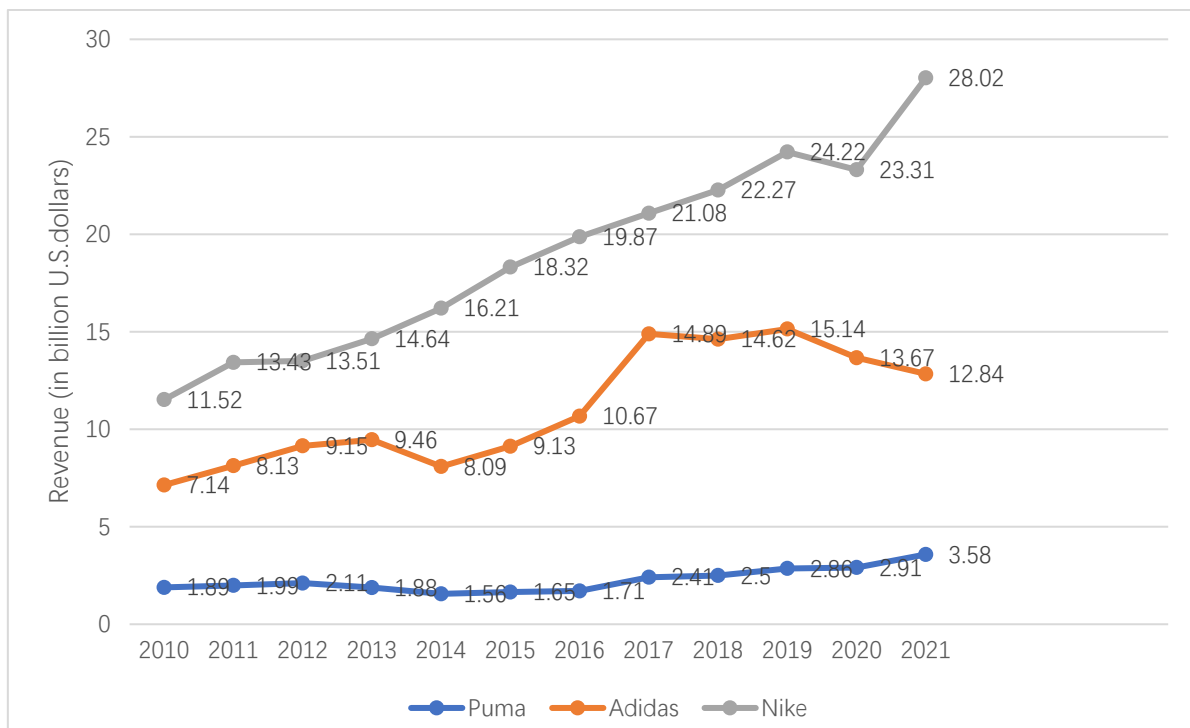


Fig. 3 Revenue from footwear segment of Nike, Adidas and Puma from 2010 to 2021 (in billion U.S. dollars)

According to Figure 3, the overall trend of Nike's revenue in the footwear segment during the period of 2010 to 2021 has been upward and always higher than Adidas's and Puma's, and since 2012, the annual growth rate has been even more pronounced until 2020. Though there was a big drop in 2020 compared to 2019, Nike's revenue in the footwear segment surged to \$28.02 billion in 2021, more than double that of Adidas and nearly eight times Puma's, which demonstrates that Nike's development hasn't been deterred by the pandemic and Nike has grown much faster than the other two brands.

3. Marketing Strategy Analysis

3.1 Social Media

Since COVID-19, the growth of social media has accelerated significantly. Based on DataReportal, the total number of social media users is around 4.62 billion in 2022, equivalent to 58.4% of the world's population [5]. Social media has further promoted consumers' willingness to shop on social media buying platforms, which greatly reduces the hassle of finding a product on a social media post and then having to search for it on the web. According to some findings, around 81% of consumers will be affected by social media posts made by people around them [6], which clearly shows the huge influence of social media on consumer behavior in today's society. So social media strategies have become the key to achieving important marketing goals for many businesses, it provides an important platform for information dissemination to increase the exposure of products to those potential consumers and at the same time help companies deepen the connection with its diverse consumers so that they can make clearer user personas and identify consumers' pain points more easily.

3.1.1 Cultural Marketing

Nike has long recognized that its consumer base is concentrated among young people and has spent more money on social media platforms favored by young generations. It has a huge presence on social media platforms like Instagram and Tik Tok. According to the Hookit Report, Nike topped the list of sports-sponsored social media AD values in 2020 with \$476 million [7]. Not only continuous innovation but also emotional motivation is covered on the company's Instagram page. For example, the post of Tatyana McFadden encourages people to "Just do it" if they have a body, and the post of Shalane Flanagan inspires people to never done challenging themselves. With the help of social media through eye-catching posters and inspirational stories that connect consumers on an emotional level, the corporate culture is deeply rooted in the hearts of the people and has gained a large number of fans on social media, thus enhancing the affinity and loyalty of the brand.

3.1.2 Community Marketing

Because the role of sports and fitness is not only reflected in the body, but also in enhancing social relations, Nike also utilizes social media to develop its community marketing. Many young fitness enthusiasts long to find friends who share a common passion for fitness. In this way, Nike has not only developed a series of fitness tracking apps and wearables called Nike+, but also launched its own "Nike+" social clubs, like the Nike Training Club, and the Nike Run Club, which both offer the opportunity for consumers to exercise together, freely exchange their ideas with people from all over the world, and keep contact with friends to gain the motivation, etc. Especially during COVID-19, the fitness community on social media greatly enriched people's lives.

3.2 Consumer psychology & behavior

3.2.1 Hunger Marketing

Since Nike has gained a lot of loyal fans, they purchase the products and then share their experiences on social media so that the people around them are greatly influenced by their consumption behavior. For instance, Nike has created a limited collection of star basketball shoes to persuade basketball fans. Out of the strong worship of basketball stars, herd instinct, curiosity, and

the psychology of showing off, many basketball aficionados can be easily attracted by this hunger marketing.

3.2.2 Brand Personality and Identity Marketing

For brand personality and identity marketing, the most apparent brand personality for Nike is ruggedness, the consumers who are likely to choose Nike's products want to see themselves as outdoorsy and tough, which both represent Nike's ruggedness. Also, its constant innovations by daily inspirations and high technology, new and cool designs for creative posters all reflect the daring, imaginative, and up-to-date aspects of the excitement of brand personality. And many young people, who account for the majority of the total consumer group, hold an openness to new experiences and dare to accept new challenges, they love those new changes and creative ideas.

Nike also offers a sense of equality, it's not just the stage for males, but also the arena for women and the disabled. With more women playing basketball as well as soccer and young girls growing faster, there is an increasing demand for sports products among those young girls. Nike seizes this great opportunity to increase the market share of female customers and pays more attention to designing sneakers that are fit for females. Nowadays numerous Nike ads about females can be seen, like "New Girl", and apart from that, it's also common to see inspirational advertisements for the disabled. This marketing initiative not only expands the market by satisfying the needs of women and people with disabilities but also improves Nike's equal image in consumers' minds.

Ruggedness, excitement, and equality are all very important traits for Nike. However, one thing that is always there is the inspiration. During the height of COVID-19, considering that many people are tired of the dull quarantine life at home, Nike advocated "Play for the World" [8], which instantly ignited the passion of sports enthusiasts and eased their anxiety. From this point of view, Nike does not just sell its products, in the meantime, it also sells its culture: the passion for sports, the spirit of perseverance, and the bravery of "Just do it". It clearly identifies consumer pain points during the pandemic, that is the inspiration.

3.2.3 Green Marketing

In addition to the pandemic, the environmental issue has already seriously affected people's quality of life and sports. As consumer environmental awareness increases, more and more consumers tend to lead a more sustainable life, especially the young generation, which is the main target consumer group of Nike and also the mainstream consumer demographic. In light of the study in 2021, over the past six years, around 85% of people worldwide have said they prefer to purchase eco-friendly products [9]. Such consumer behavior inspires Nike to develop green marketing by not only promoting the idea of protecting the planet but also contributing a lot. For example, the Nike Refurbished program in North America persuades athletes to recycle their shoes [10]. Nike also chooses eco-friendly materials, deciding to eliminate hazardous chemicals by 2025 [11]. All these behaviors cater to the green consumption behavior of consumers and set up a green as well as environmental image for the company brand, so as to attract more consumers.

4. SWOT Analysis

4.1 Strengths

As a world-famous sportswear company, Nike has many strengths. Firstly, its strong brand influence brings it a great many loyal consumers. Secondly, Nike has mastered ingenious and creative advertising skills to convey corporate culture to the masses so as to capture the minds of consumers. Thirdly, its constant innovations attract many young consumers with openness to new experiences. Fourthly, Nike owns some of the most influential basketball stars at the present age, which has greatly attracted a lot of fans and increased sales. Fifthly, high-end equipment and a strong R & D team provide a guarantee for the company's new product. Sixthly but not least, Nike cares about consumer needs and feedback through social media and optimizes the products accordingly.

4.2 Weaknesses

Being a world-renowned first-line sporting goods company helps Nike gain a lot of attention, however, there's still a lot to improve. Firstly, Nike's price is not suitable for the general public. Secondly, under the trend of consumption stratification and grading in the Chinese market, Nike fails to timely feel the change in the situation and adjust the market strategy, thus giving Chinese sporting goods companies that can better understand the changes in the Chinese consumer market and better meet the psychological needs of Chinese consumers a chance to rise. Apart from that, some shoes are limited edition and could not meet the needs of more consumers.

4.3 Opportunities

Currently, more and more people pay attention to sports and health in the post-pandemic era, and various fitness live streams attract young people to follow. For example, Pamela's target audience is young women who have a higher pursuit of fitness consumption in first and second-tier cities. These young females are willing to purchase sportswear, sneakers, etc. So there is still a huge market for sporting goods, and Nike can even reach out to some places that it doesn't cover. Moreover, the rapid growth of social media users offers a chance for Nike to continue its successful online advertising on social media.

4.4 Threats

Though being a successful sportswear company around the whole world, Nike still faces many threats. The rapid growth of its competitors poses a new market threat to Nike itself. For example, the market in China, the second-largest market after the United States, is declining, especially in the recent two years, Chinese people begin to pursue national fashion brands like Anta and Li Ning, which produce cheaper goods with high quality and delicate design style. Meanwhile, compared with Nike Run Club, which was withdrawn from the Chinese market this July, China's many sports apps such as JOY RUN and Keep, now occupy a more mainstream market in the Chinese runner's circle. In addition, after moving production to Vietnam and other countries in recent two years, Nike begins to suffer quality problems. What's even worse, the limited edition of the product after advertising for disabled people is criticized by many netizens.

4.5 Recommendations

Nike should continue to maintain these strengths while at the same time developing these opportunities. Since Nike's price couldn't cover all consumers and the scarcity of limited edition fails to satisfy some people who are also willing to buy it, Nike may could delineate clearer consumer groups by creating sub-brands and offering more limited-edition shoes. About social media, paying more attention to its content innovation and keeping interaction with consumers really matters in fostering relationships and building trust. For Threats, Nike's quality should be improved so that it can become more competitive. Using people's compassion for the disabled to jack up the price only causes resentment; more shoes can be made to meet the needs of specific people with disabilities. And most importantly, before that, take more time to do more in-depth research about the consumers and the market.

5. Conclusion

Based on this paper, marketing strategy brings changes to the whole society. It ties consumers and producers together. Consumers and marketing strategies are interactive. The better the marketing strategy brings consumers to feel, the more it can stimulate consumers' desire to share, and then initiate secondary marketing communication indirectly, which is more powerful.

By analyzing the data in the charts, Nike has always occupied the leading position as a sporting goods company, which is closely related to its marketing strategy. In the era of the Internet, social communication is indispensable for people, which leads to a social economy and brings opportunities

for community marketing. Nike not only develops community marketing through social media but also uses it to publicize the company culture and catch the minds of consumers.

Nike also develops its marketing strategy in view of consumer psychology and behavior. The fans' crazy idolatry for sports stars makes Nike adopt hunger marketing. Its various brand personalities satisfy the demand of more consumer groups. In the case of global climate change, Nike also advocates environmental protection by creating more eco-friendly products, catering to green consumers' consumption habits.

The good sides benefit Nike a lot. However, there are still some problems with its marketing strategy. For example, less attention to product quality for lower cost, the high price that does not fit all consumer groups, limited supply that couldn't satisfy all needs, the upward development of many competitors, etc.

No matter the good or the bad aspects of Nike's marketing strategy, they both offer some suggestions not only for Nike itself but also for many other sports goods companies. Product quality can't be ignored because the product of high quality can enhance market competitiveness and establish a good corporate image. Hunger marketing can be effective, but how to handle it well can be hard. In consequence, it's of great importance to trim the sails according to consumers' demands.

This paper expects to offer sporting goods enterprises and marketers inspiration by exploring Nike's marketing strategy, but there still exist some defects. For example, the analysis regarding Nike's SWOT is not very detailed, more evidence could be added. Apart from that, this paper only introduces Nike's marketing strategy from two perspectives, more aspects could be covered in further research when analyzing the marketing strategy for a company.

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