

Nike's Culture and Organizational Strategy

Zhen Ye *

King's- Edgehill School, Windsor, Canada

*Corresponding author: zhenye23@kes.ns.ca

Abstract. Sports are becoming more and more popular today. With the slogan of being light and fast and encouraging everyone to exercise, more and more sports brands are established one after another. Whereas today Nike is still the top company in this field. This article explores how Nike's corporate culture is touched by people's hearts and how its marketing strategy stands out from others. The article also briefly introduces the methodology and results of some of Nike's customer research in a particular place or the marketing research to get more information from the customers. There's also the relationship between culture and strategy like how Nike's culture influences its marketing strategy. The results show that the public gradually recognizes the brand Nike and becomes popular all over the world because of Nike's excellent innovative marketing concepts. In summary, Nike should maintain marketing and strengthen product research and development. Therefore, they can also make many new technology or products.

Keywords: Nike; Culture; Strategy; Consumer research; Impact.

1. Introduction

With technological development and the development of the economy, the improvement in people's living standards and they start to pay more and more attention to their quality of life. In daily life, more and more people become taking off their cumbersome shirts, suits, leather shoes and high-heeled shoes. They start to put on casual and lightweight sportswear and sneakers. It means sports style has become a trend in the new age and aroused wide public concern. Who is the number one sports brand in the world today? It is commonly recognized that Nike. Nike is a huge multinational company. It operates a wide range of clothing, shoes, sports equipment and so on. Its customer base is spread all over the world. As one of the world's largest suppliers of sports products. Nike keeps remaining among the top 100 global companies. As of 2021, Nike is the 83rd largest company in the world. Through Nike's fiscal 2022 fourth-quarter report and full-year financial report on May 31, 2022, Nike's revenue rose 5% to \$46.7 billion. This very large number is enough to prove Nike has a wide international influence and maintains its status as the market's dominant player. In this paper, research Nike's corporate culture and its marketing strategy and analyze how Nike's corporate culture impacts its marketing strategy through some case studies. Nike's success is contributed to many factors. The most helpful of which should be its different corporate culture and unique innovation from other sports brands.

2. Nike's Culture

2.1 The Introduction of Organizational Culture

Culture can be a way of social existence [1]. Culture can regulate the team easily and make many individuals become a whole family. Corporate culture means the collective beliefs, norms and values of an organization or individual. These norms, beliefs, and values have peculiar characteristics [2]. A great organizational culture is key to improving organizational performance. Therefore, corporate culture is an important part of a company. A strong corporate culture can help a company influence employee behaviour and ideas. Also, corporate culture can make employees more unity. It will make them feel like everyone in the company is one big group. They are a big family when they work together. Correspondingly, Culture is like a tool to improve relationships between each other. Additionally, this tool will attract better employees or motivate them to work harder.

2.2 Nike's Culture

2.2.1 Just do it

Although Nike is the world's top sports brand, the time of its establishment is much later than Adidas. It was created on January 25, 1964, in Eugene, Oregon, USA. At first, Nike's swoosh logo was the most recognizable in the current logo culture. Nike's logo image represents the wings of a Greek goddess. Its logo is a commercial symbol that signifies athletic excellence, determination, fashion authenticity and a playful sense of self [3]. It let people know the dynamic and explosive power of Nike products at a glance. In 1972, Nike gradually appeared in front of everyone for the first time. Then a student named Caroline got \$35 to design a flying wings logo [3]. So the outline of the logo becomes the background, with Nike in italics. As Nike gradually became popular, it faced a huge customer base. On July 1, 1987, Nike released its first "Just Do It" advertisement. The slogan was short and easy to remember. The slogan refers to taking your destiny into your own hands. It promotes not only optimism but also sportsmanship. Therefore, the slogan was well-known throughout the country at that time. It took only 20 years for Nike to reach the top. So Nike has been promoting the "Just Do It" culture. You can see any Nike ad that says "Just Do It." It totally increased Nike's brand recognition because Nike added "Just Do It" to every advertisement, so people always felt its corporate spirit. This slogan has been integrated into people's lives. As shown in figure 1.



Figure 1. Nike's Just Do It

Source: <https://www.businessinsider.com/nike-just-do-it-inspired-utah-killer-gary-gilmore-2019-7>

Nike started putting its logo on all kinds of shoes and apparel and so on. Even apparel, backpacks, and sports equipment such as basketball, volleyball and hockey. With newer and bolder advertising words from Nike, Nike has become the top 1 in the logo world.

2.2.2 Innovation culture

Nike's spiritual wealth - the spirit of innovation. Nike likes innovation such as creating new goods or technologies but it is not just new, it is new and better. This is a part of the Nike culture. In addition, Nike made a selling point out of the ordinary. It means Nike has a unique selling idea for any aspect of its business product or brand. These sales ideas are sometimes unique and can set them apart from competitors' products. Keeping support for product development will be a big advantage in the market. Customers will get a lot of new and better goods than they have never seen before. Nike keeps living up to its brand ethos, a culture that inspires others.

2.2.3 Role

Nike released a black-and-white video of "equality" in 2017. Sports reflect the values of social life such as mutual respect and equality [3]. Nike wants to create a miracle that never happened. Nike hopes to bring new technology to every athlete and wants to bring sports to life --Nike hopes to create the future of the sport. In recent years, covid-19 has spread all over the world, and many sports competitions cannot be held. This led to a bit of a loss for Nike [4].

3. NIKE'S Strategy

3.1 Nike's Marketing Strategy

3.1.1 Sign contracts with players

Nike has also collaborated with many influential celebrities such as Tiger Woods, Serena Williams, Rafael Nadal and so on. The costumes worn by these celebrities will be discovered by many people. It was even found out by some media and put online for true fans to watch and buy. (Some fans are very likely to buy the same brand as a celebrity) So products used by celebrities themselves are a great way to promote them. To increase the sales of their products, Nike found Neymar as their brand ambassador because Neymar is the top player in football and has a huge influence. Whereas it may be because Neymar wasn't as famous as he used to be. Nike ditched Neymar for Puma's brand ambassadorship. However, none of these has affected Nike's sales because it will not only seek endorsements from sports stars but is also a sports brand with the most endorsements by sports stars. This advantage in numbers will make the number of potential customer groups very large. And These celebrities have their own stories, but all of them are related to Nike culture --- optimistic spirit. Nike uses social media such as Instagram, Twitter or YouTube to promote its culture through stories. These can greatly increase the connection with the audience and influence the audience. It means this method can greatly increase potential customers. The reason may be because of the influence of celebrities for example a customer who is a Tiger Woods fan so will buy the same shoes as Tiger Woods. The others may be because online customers are influenced by Nike culture by browsing. So if he wants to buy sporting goods one day, he will give priority to Nike. Brand awareness and recognition will increase. This is of great benefit to Nike. Not only can it choose a premium price, but it can also have distribution advantages. This will greatly increase the appearance rate of Nike products and continue to increase the potential customer base.

3.1.2 Advertisement

In 1988, Nike released its first TV commercial. This is a precedent as it opens the use of customer music preferences to welcome customers. This is unheard of before. In 1993, teenage male consumers were gradually declining hence Nike released an advertisement "I am not a role model." This is the first example of combining superstars to appeal to a specific group (teenage males). In 1995, Nike began advertising to specific groups. At that time women could not compete in sports like men. As the figure 2 below, Nike said that sports are also very helpful for girls. The ad talks about how exercise builds fitness from disease and the confidence and support that encourages women to take part in sports. This also provided a little help to the social problems of the time.



Figure 2. Nike 1995 “If You Let Me Play” ad

Souce: Eyada, B. Brand Activism, the Relation and Impact on Consumer Perception: A Case Study on Nike Advertising. International Journal of Marketing Studies, 2020, 12(30).

After Nike put its eyes back on the public, in 2012, Nike launched the "discover your greatness" campaign again. This represents inspiring everyone to sweat and achieve. In 2017, Nike launched an equality campaign with an ad that protested police violence against black people. The event received strong support from many people from the very beginning. News reports say Nike hit a record high on the stock market, making \$6 billion [5]. In 2019, Nike held the "Dream Crazy" to promote feminism. The use of real footage of sports games in the picture has greatly improved the support of female customers for Nike. Nike is simultaneously communicating unchallenged and praising one's hyper-individualism [6]. They came to May 2020, Nike posted a video called "For Once, Don't Do It" to wake people up not to be enigmatic in a false racial peace [5]. This one has encouraged a lot of people who have been discriminated against. In 2018, the Edelman Earned brand study reported that according to the survey, 53% of people believe that Nike is more powerful than the government in solving social problems [5]. This just shows that too many social problems can attract people's attention on a large scale. By solving social problems rather than just promoting their products, Nike also uses A story or a concept of heroism to tell the spirit of Nike's persistence [5].

3.1.3 Products and Marketing Strategy with the Market Shares of Nike

Figure 3 shows Nike's market share is very large. By mid-2021, its market share will be at 50% of the sports market segment. This will allow Nike to have a higher sales and customer base. Increase the company's reputation and leadership in sports.

Company	Market Share (2021)	Past 10-year Average Growth %
Nike	43.7%	7.6%
adidas (OTCQX:ADDYY)	23.7%	3.0%
Under Armour (UAA)	5.6%	14.5%
Puma (OTCPK:PMMAF)	7.6%	7.4%
Li Ning (OTCPK:LNNGF)	3.5%	15.7%

Figure 3. Companies' market share in 2021

Source: <https://seekingalpha.com/article/4500051-nike-solid-foothold-over-market>

Nike mainly uses publicity to entice customers to buy its products. Once Nike built a timeless brand. Then its sales share will always be at the forefront.

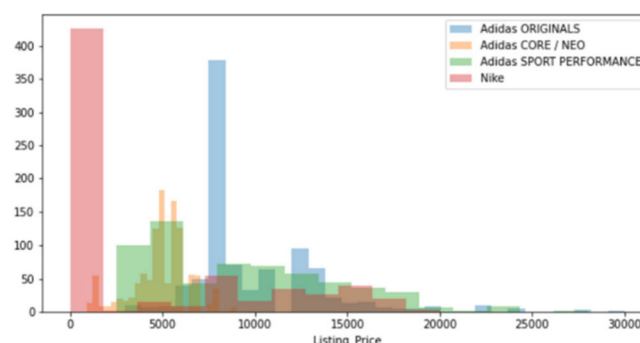


Figure 4. Histogram of listing price between Nike and Adidas

Source: Li H. Research on How Products and Marketing Strategy Affect the Market Shares of Nike and Adidas. Proceedings of the 2022 International Conference on Creative Industry and Knowledge Economy (CIKE 2022).

Figure 4 shows that the price of a product is the most important factor for customers when purchasing an item. A fair listing price will determine the position of the product in the market

afterward. Just like the lower the price of Nike products, the larger the customer base. A product priced under \$5,000 sells far more than a product priced at \$20,000 to \$25,000 [7].

Nike's general PR strategy focuses on the following approaches: Communities, communications between consumers, media and sponsorships [8]. While conducting these activities, Nike uses the media to create a positive public image and increase brand awareness and recognition. Nike's product: Its "Air" product is considered the most successful innovation. About 75 percent of Nike's clothes and shoes contain recycled material now.

Keller's belief must shape how customers think and feel about products and services [9]. If a company wants to make consumers have positive ideas and beliefs or their feelings and perceptions of products, they must develop a good brand. As shown in figure 5.

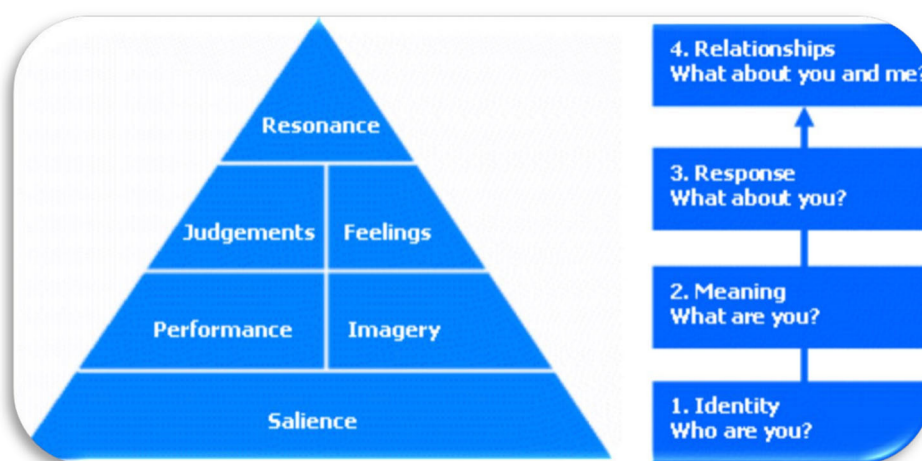


Figure 5. Keller's CBBE Equity Model

Source: Neupane R. Analysis of the impact of public relations strategies on customer-based brand equity: a study of Nike customers in the UK. International Journal of Research - granthaalayah, 2022.

3.2 Nike's Consumer Research

3.2.1 Nike's consumers in the UK

Nike's customers are all over the world. It has 210 million followers which are on Instagram and 1.68 million YouTube subscribers. The customer group for this study is customers of Nike in the UK. This study used the convenience sampling method. Conduct online surveys to obtain data. This reduces costs and provides flexibility. The reliability of the research tools used in this study was measured by Cronbach's alpha[9]. The survey results are as follows:

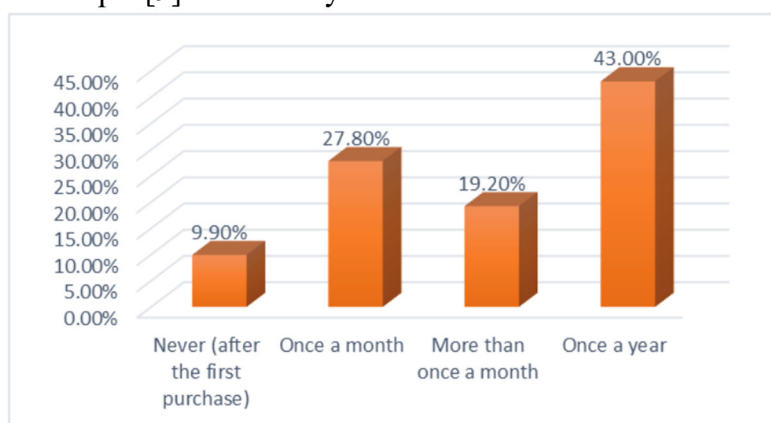


Figure 6. Frequency of Purchase

Source: Neupane R. Analysis of the impact of public relations strategies on customer-based brand equity: a study of Nike customers in the UK. International Journal of Research - granthaalayah, 2022.

Figure 6 shows that more people like to buy once a year. After one purchase, nearly 30 percent of customers will buy it again every month.

3.2.2 Foot scan analysis

The study was done by scanning footsteps and was collected by Volumental AB. The subjects of the study were 712 UK customers who came to offline brick-and-mortar stores. Research data which is figure 7 shows that North American and European customers have almost same feet, while Asians move their feet to the left. This shows that customers in North America and Europe generally have bigger feet than those in Asia. European and Asian customers have a particularly large difference in average instep height (up to 4 mm.)[10]. The company will improve the shoes for different regions.

	North America	Europe	Asia	Σ regions
male	494,833	43,064	10,072	547,969
female	610,675	31,470	10,733	652,878
all	1,105,508	74,534	20,805	1,200,847

Figure 7. Number of 3D foot scans

Source: Jurca A, Zabkar J, Džeroski S. Analysis of 1.2 million-foot scans from North America. Europe and Asia, Scientific Reports, 2019, 9.

4. The Impact of Nike Culture on Strategy

Nike uses advertising to promote its philosophy and culture. This is one of Nike's strategies. for example, if people hear "Just Do It," they thought of Nike. This means that Nike has made people feel deeply about their culture. In addition, Nike also took many activities such as holding offline activities to promote its culture or new products of the season through advertising. Therefore, these greatly enhance the image of Nike in people's hearts. In this way, not only Nike has won a lot of market shares, but its culture has also penetrated the hearts of customers. In this way, Nike's customer base has expanded. More and more customers come to buy Nike products because of culture or enough discounts. Therefore, the sales revenue will increase greatly and the profit will also increase. Nike brings a good and optimistic belief to external stakeholder employees and may increase employee productivity. There may also be an increase in management salaries. It will have a positive advantage.

5. Conclusion

This article examines the development of Nike's corporate culture and strategies for success. It also briefly describes how Nike's customer research and culture influence and help Nike's marketing strategy. Nike is now the No. 1 brand in sports due to its marketing efforts and product innovation, as well as its infectious corporate culture. While the covid-19 outbreak has caused the global economy to plummet. But it still can't shake Nike's position in the sports brand. The main contribution of this paper is the organization of Nike's culture and strategy. In future research, Nike should keep marketing diversity and create better products.

References

- [1] Ojo Olu. Organisational Culture and Corporate Performance: Empirical Evidence from Nigeria. Journal of Law and Governance 2014, 5: 3-5.
- [2] Tuleja E, A Tuleja, Elizabeth A. Intercultural Communication For Global Business. 2021, Routledge. Doi:10.4324/9780367423827. Accessed 9 Oct 2022.
- [3] Komunikasi Assegaf, Assegaf Achmad. WACANA: Jurnal Ilmiah Ilmu Komunikasi, 2018, 17(2): 181-192.

- [4] Fadillah D, Hao D, Long B. The New Strategy of Nike Corporate Communication in Efforts to Build a New Corporate Image. *Jurnal Komunikasi Ikatan Sarjana Komunikasi Indonesia*. 2021.
- [5] Eyada Bassant. Brand Activism, the Relation and Impact on Consumer Perception: A Case Study on Nike Advertising. *International Journal of Marketing Studies*, 2020,12 (30): 3-6.
- [6] Hoffmann Jochen, Karina Nyborg, Charlotte Averhoff, Simone Olesen. The contingency of corporate political advocacy: Nike's 'dream crazy' campaign with Colin Kaepernick. *Public Relations Inquiry* 2020, 9: 155-175.
- [7] Neupane Ramesh. Analysis of the impact of public relations strategies on customer-based brand equity: a study of Nike customers in the UK. *International Journal of Research - GRANTHAALAYAH*, 2022, 15-20.
- [8] Jurca Ales, Jure Zabkar, Sašo Džeroski. Analysis of 1.2 million foot scans from North America, Europe and Asia. *Scientific Reports*, 2019, 9: 2-4.
- [9] Lynda B, Eyada B. Brand Activism, the Relation and Impact on Consumer Perception: A Case Study on Nike Advertising. *International Journal Of Marketing Studies*, 2020, 12(4): 30.
- [10] Li Hanzhe. Research on How Products and Marketing Strategy Affects the Market Shares of Nike and Adidas. *Proceedings of the 2022 International Conference on Creative Industry and Knowledge Economy (CIKE 2022)* , 2022: 1-6.